ORES Assets

Consolidated IFRS Accounts

2022

ORES

NAME AND FORM

ORES Assets. Intermunicipal Cooperative Association. CBE number 0543.696.579..

HEAD OFFICE

Avenue Jean Mermoz 14, 6041 Gosselies

INCORPORATION

Deed of incorporation published in the Appendices to the Moniteur belge (Belgian Official Gazette) of 10 January 2014 under number 1402014.

ARTICLES OF ASSOCIATION

The articles of association have been amended on several occasions, most recently under the terms of a deed received by notary, Mr Frédéric de RUYVER, residing in Court-Saint-Etienne, on 18th June 2020, published in the Appendices to the Moniteur belge dated 13th July 2020, under number 20079215.

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CONSOLIDATED IFRS FINANCIAL STATEMENTS
I

1.1 Consolidated profit or (loss) statement (in thousands of €)

	NOTE	31/12/2022	31/12/2021	DIFFERENCE
Turnover	01-A	1,199,515	1,280,069	(80,554)
Regulatory balances	01-B	(110,788)	(2,613)	(108,175)
Other operating income	02	28,700	24,600	4,100
Operating income		**1,117,427**	**1,302,056**	**(184,629)**
Goods and supplies	03	(109,042)	(83,891)	(25,151)
Transport fees	03	(256,229)	(421,309)	165,080
Road fees	03	(48,770)	(45,097)	(3,673)
Employee benefits	19-20	(161,368)	(147,825)	(13,543)
Write down of trade receivables	11	(2,900)	(8,357)	5,457
Other operating expenses	04	(208,658)	(119,720)	(88,938)
Operating expenses		**(786,967)**	**(826,199)**	**39,232**
Operating result before depreciation and amortization		**330,460**	**475,857**	**(145,397)**
Depreciation and impairment on (in)tangible assets	08-09	(197,408)	(184,868)	(12,540)
Operating profit or (loss)		**133,052**	**290,989**	**(157,937)**
Financial income	05	16,346	11,171	5,175
Financial expenses	06	(28,305)	(30,556)	2,251
Financial profit or (loss)		**(11,959)**	**(19,385)**	**7,426**
Share of the result of associates	25	0	0	0
Profit or (loss) before taxes		**121,093**	**271,604**	**(150,511)**
Taxes	22	(32,059)	(77,349)	45,290
Profit or (loss) for the period		**89,033**	**194,255**	**(105,222)**
Profit or (loss) for the period attributable to the group		**89,033**	**194,255**	**(105,222)**
Profit or (loss) for the period attributable to non-controlling interests		0	0	0

1.2 Consolidated statement of comprehensive income (in thousands of €)

	NOTE	31/12/2022	31/12/2021	DIFFERENCE
Profit for the period		**89,033**	**194,255**	**(105,222)**
Other comprehensive income				
Recyclable in the profit or (loss)		**5,223**	**2,075**	**3,148**
Change in fair value of cash flow hedges	27	9,260	2,767	6,493
Taxes on items that are or may be recycled to profit and loss account	22	(4,037)	(692)	(3,345)
Not recyclable in the profit or (loss)		**206**	**(18,969)**	**19,175**
Actuarial gains and losses on defined benefit plans	20	275	(25,292)	25,567
Taxes on items that will not be recycled to profit and loss	22	(69)	6,323	(6,392)
Other comprehensive income - Net		**5,429**	**(16,894)**	**22,323**
Other comprehensive income attributable to the group		**5,429**	**(16,894)**	**22,323**
Other comprehensive income attributable to non-controlling interests		**0**	**0**	**0**
		94,462	**177,361**	**(82,899)**
Comprehensive income for the period				

1.3 Consolidated statement of financial position – assets (in thousands of €)

ASSETS	NOTE	31/12/2022	31/12/2021	DIFFERENCE
Non-current assets		**4,385,940**	**4,318,231**	**67,709**
Intangible assets	08	97,957	103,204	(5,247)
Tangible assets	09	4,247,312	4,191,765	55,547
Investments in associates	25	3	3	0
Other non-current assets	10	40,668	23,259	17,409
Current assets		**654,157**	**615,615**	**38,542**
Inventories	12	59,942	53,489	6,453
Trade receivables	11	122,558	239,825	(117,267)
Other receivables	11	102,666	73,962	28,704
Current tax assets	11	10,698	3,454	7,244
Cash and cash equivalents	13	111,516	216,133	(104,617)
Other current assets	10	246,777	28,752	218,025
Total assets excluding regulatory assets		**5,040,097**	**4,933,846**	**106,251**
Regulatory assets	01-B	36,290	87,769	(51,479)
TOTAL ASSETS		**5,076,387**	**5,021,615**	**54,772**

1.4 Consolidated statement of financial position – liabilities (in thousands of €)

LIABILITIES	NOTE	31/12/2022	31/12/2021	DIFFERENCE
Equity		**1,989,686**	**1,966,882**	**22,804**
Share capital	14	867,464	867,464	0
Retained earnings		829,677	943,862	(114,185)
Other reserves		292,569	155,580	136,989
Non-controlling interests		(24)	(24)	0
Non-current liabilities		**2,502,500**	**2,446,041**	**56,459**
Borrowings	15	2,076,799	2,067,024	9,775
Provisions for employee benefits	19-20	94,550	94,248	302
Other provisions	18	78,577	26,999	51,578
Deferred tax liabilities	23	241,360	241,584	(224)
Other non-current liabilities	16-17-27	11,214	16,186	(4,972)
Current liabilities		**527,946**	**604,091**	**(76,145)**
Borrowings	15	201,735	226,125	(24,390)
Trade payables	16	164,088	181,065	(16,977)
Other payables	16-17	135,574	163,983	(28,409)
Current tax liabilities	22	12,224	26,871	(14,647)
Other current liabilities	16-17	14,325	6,047	8,278
Total liabilities excluding regulatory liabilities		**5,020,132**	**5,017,014**	**3,118**
Regulatory liabilities	01-B	**56,255**	**4,601**	**51,654**
TOTAL LIABILITIES		**5,076,387**	**5,021,615**	**54,772**

1.5 Consolidated statement of changes in equity (in thousands of €)

	Share capital	Reserves		
		Cash flow hedges	Actuarial gains and losses on defined benefit plans	
	Note 14	Note 27	Note 20	
At 1st January 2022	**867,464**	**69,290**	**(76,936)**	
Comprehensive income for the period				
- Profit and loss				
- Other comprehensive income, net of income tax		6,945	206	
Transactions with shareholders				
- Dividends relating to the previous year				
Transfers				
Transfers from or to statutory reserves				
At 31 December 2022	**867,464**	**76,235**	**(76,730)**	
At 1st January 2021	**867,464**	**67,215**	**(57,967)**	
Comprehensive income for the period				
- Profit and loss				
- Other comprehensive income, net of income tax		2,075	(18,969)	
Transactions with shareholders				
- Dividends relating to the previous year				
Transfers				
- Transfers from or to statutory reserves				
At 31 December 2021	**867,464**	**69,290**	**(76,936)**	

Statutory Reserves	Total	Retained earnings	Non-controlling Interests	Total Equity
163,225	**155,580**	**943,862**	**(24)**	**1,966,882**
		89,033		89,033
(1,722)	5,429			5,429
		(71,658)		(71,658)
131,560	131,560	(131,560)		
293,063	**292,569**	**829,677**	**(24)**	**1,989,686**
53,707	**62,956**	**930,043**	**(24)**	**1,860,439**
2,000	2,000	192,254		194,254
	(16,894)			(16,894)
		(70,917)		(70,917)
107,518	107,518	(107,518)		
163,225	**155,580**	**943,862**	**(24)**	**1,966,882**

1.6 Consolidated statement of cash flows (in thousands of €)

	NOTE	31/12/2022	31/12/2021
CASH FLOW FROM OPERATING ACTIVITIES			
Comprehensive income for the period		**89,033**	**194,254**
Adjustments for the following elements :			
Depreciation and impairment on (in)tangible assets	08-09	197,408	184,869
Changes in provisions	18-19	53,778	(18,442)
Gains or losses on sales of (in)tangible assets	08-09	(514)	(244)
Write down of trade receivables	12	(4,770)	3,676
Inventory write-downs	11	(399)	10,589
Financial income	05	(16,346)	(11,171)
Financial expenses	06	28,305	30,556
Income tax expenses recognised in profit or loss	22	32,059	77,349
Regulatory balances	01-B	87,002	3,758
Operating cash flow before change in working capital		**465,556**	**475,195**
Change in working capital			
Change in inventories	12	(6,053)	(6,030)
Change in trade and other receivables	11	134,165	(183,721)
Change in trade and other payables	16-17	(39,004)	195,840
Operating cash flow		**554,664**	**481,284**
Paid interest	06	(25,919)	(32,986)
Received interest	05	6,892	3,931
Paid taxes	08-09	(71,821)	(41,596)
Regulatory balances recovered	01-B	23,786	(1,145)
Net operating cash flow		**487,602**	**409,488**

	NOTE	31/12/2022	31/12/2021
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of intangible assets	08-09	(8,943)	(26,465)
Acquisition of tangible assets	08-09	(238,106)	(209,222)
Sale of tangible assets	08-09	1,410	902
Net investing cash flow		**(245,639)**	**(234,784)**
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings issuance	15	150,000	425,000
Payment of borrowings	15	(165,067)	(384,210)
Issuance and repayment of long term receivables	11	(1,383)	1,900
Payment of lease liabilities	21	(2,840)	(2,861)
Paid dividends assets	14	(72,512)	(71,180)
Net financing cash flow		**(91,802)**	**(31,351)**
Effect of reclassification of mutual funds (sicav) to other assets	10	**(254,777)**	
Change in cash and cash equivalents from continuing operations		**(104,617)**	**143,352**
Cash and cash equivalents beginning of period		**216,133**	**72,781**
Cash and cash equivalents end of period		**111,516**	**216,133**

1.7 Change in liabilities arising from financing activities (in thousands of €)

	1/01/2022	Cash flows from financing activities	Cash flows from operating activities	
Other non-current assets	23,259	(2,197)	179	
Other receivables	73,963	(62,135)	(34,285)	
Long-term borrowings	2,067,024	150,000		
Short-term borrowings	226,125	(165,067)		
Other non-current liabilities	16,186	815		
Other payables	163,982	0	(29,628)	
Other current liabilities	6,047	(2,840)	7,148	
Equity	1,966,882	(10,377)	89,033	
	4,543,469	**(91,802)**	**32,446**	

	1/01/2021			
Other non-current assets	22,668	19	(995)	
Other receivables	98,322	(61,281)	24,622	
Long-term borrowings	1,859,708	425,000		
Short-term borrowings	395,213	(384,210)		
Other non-current liabilities	16,715	1,881		
Other payables	60,847	0	100,533	
Other current liabilities	6,684	(2,861)	(408)	
Equity	1,860,438	(9,899)	194,254	
	4,320,595	**(31,351)**	**318,006**	

	Non-cash changes				
	Reclassification	Fair value changes	Others (IFRS 16)	Total	31/12/2022
	1,969	17,360		(15,391)	40,668
	67,717			67,717	102,666
	(140,271)	45		(140,226)	2,076,799
	140,271	406		140,677	201,735
	(4,100)	(3,242)	1,555	(5,786)	11,214
	1,220			1,220	135,574
	4,100	(130)	0	3,970	14,326
	(61,281)	5,429		(55,852)	1,989,685
	9,625	**(14,851)**	**1,555**	**(3,671)**	**4,572,667**

					31/12/2021
	3,689	(3,304)		385	23,259
	61,018			61,018	73,963
	(218,135)	452		(217,684)	2,067,024
	218,135	(3,014)		215,122	226,125
	(2,779)	(2,619)	2,989	(2,410)	16,186
	2,603			2,603	163,982
	2,779	(147)	0	2,632	6,047
	(61,018)	(16,894)		(77,912)	1,966,882
	6,291	**(25,527)**	**2,989**	**(16,247)**	**4,543,469**

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II

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Preliminary note on the consolidated financial statement

A. Reporting entity and ORES group

The ORES group (hereinafter referred to as the "Group") is made up of ORES Assets, an intermunicipal company designated as a gas and electricity distribution network operator (hereinafter referred to as "DSO" or "ORES Assets") and its subsidiaries ORES and Comnexio. ORES Assets' shareholders are two hundred municipalities and eight Intermunicipal pure financing entities (IPFs)[1]. Since 1 January 2017, the DSO is 100% owned by the public authorities.

ORES, the operating subsidiary, is 99.72% owned by ORES Assets, with the balance held by seven of the IPFs associated in ORES Assets[2]. Comnexio, created on 1 June 2019 to manage the Group's contact centre activities, is 93% owned by ORES Assets. Seven of the one hundred shares in Comnexio are held by the same IPFs as those associated in ORES. In addition, there is a company partially owned by ORES Assets, Atrias, in which the Group holds 16.67%. Due to the significant influence of ORES Assets on this company, the Group decided to consolidate it by the equity method. ORES and Comnexio carry out their activities at cost. The result for each financial year is therefore zero.

The Group is only active in Belgium and more specifically in Wallonia, on the territory of the municipalities for which it has been designated DSO. ORES Assets and ORES are headquartered at Avenue Jean Mermoz 14, 6041 Gosselies (Belgium).

B. Approval of the consolidated financial statements

ORES Assets' Board of Directors approved the Group's consolidated financial statements on the 26th of April 2023.

C. Significant events in 2022

January

- Signing of an agreement between ORES and Proximus under which the telecom operators can use electricity poles to bring fibre to homes and businesses. The solution will speed up the roll-out of fibre in Wallonia, with less environmental nuisance and disruption.

- ORES is certified "Top Employer" for the first time, in recognition of its HR policy and the importance attached to well-being within the company, as well as the commitment of all its teams.

February

- In the space of five days, three successive storms hit Wallonia, causing extensive damage to networks, particularly in the west of the region. The result: more than 12,000 calls from customers, 1,600 interventions on the ground and, thanks to the commitment and solidarity of all the ORES teams, disruptions brought under control.

March

- A new initiative in Wallonia: ORES installs a structure to house a stork nest on an electricity pole in Lessines, in an area known for stork nesting.

- Schneider Electric is appointed as supplier of the new advanced dynamic distribution management system. An essential tool for successfully managing the energy transition and preparing for the increased demands of electricity networks in the years ahead.

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[1] *CENEO, Finest, Finimo, Idefin, IPFBW, IEG, IFIGA and Sofilux*

[2] *CENEO, Finest, Finimo, Idefin, IPFBW, IEG and Sofilux*

May

- Launch of LogisCER, a renewable energy community (REC) project in social housing owned by the Logivesdre intercommunal association in Verviers. Carried out in collaboration with sociologists from the UMons, the project enables 18 tenant households to share locally-generated electricity and get a better grip on their energy bills.

June

- The project to convert the distribution network to rich gas enters a new phase. On 1 June, after several months of preparation and work, the 2,500 households served in the municipality of Rebecq were successfully switched over to rich gas. The final two phases of the conversion programme will follow in 2023 and 2024.

July - August

- The ORES Training Department is launching the "Summer Camp 2022" initiative. E-learning modules will be offered to staff on a self-service basis throughout the summer. On the programme: webinars on corporate collaboration, trust within teams and non-violent communication, as well as content to help use office applications.

September

- In the context of soaring energy prices, ORES is proposing to the local authorities whose street lighting it manages that they switch it off between midnight and 5am from 1 November or 1 December to 31 March. The aim is twofold: to participate in the collective effort to reduce energy consumption and to limit the financial impact on local budgets. A total of 164 municipalities have requested this switch-off.

October

- Launch of an internal survey on well-being at work. 70% of staff participated, providing significant results. Three major trends emerge: a strong and positive commitment to work, a shared feeling that the tasks performed are generally enjoyable, but also a strong need for recuperation, linked to the difficulty in concentrating or relaxing at the end of the day and the expression of a feeling of exhaustion. An action plan, tailored to the needs expressed by the company's various departments is being prepared for 2023.

November

- Official inauguration in the Bons Villers municipality of the "Biométhane du Bois d'Arnelle" biomethanisation unit, connected to the distribution network the previous year. For Wallonia, the biomethane solution is a real opportunity for transition on the road to total decarbonisation, expected by 2050.

December

- ORES' head office was awarded the BREEAM certification, the international benchmark for assessing the impact of buildings. This distinction rewards the eco-responsible approach chosen for the design of the headquarters. In the space of a few days, the new orientations of the company's CSR policy are validated by its Board of Directors.

- Closure of the legal procedure for renewing the mandates of the distribution network operators (DSOs) in Wallonia: at the end of December, the last Government Decrees appointing the DSOs of the 262 Walloon municipalities were published in the Moniteur belge. Officially designated to manage the networks in 195 municipalities for electricity and 117 municipalities for gas, ORES Assets remains the region's leading DSO.

The following events of a more financial nature should also be noted:

- the ORES Assets General Meeting of 16 June 2022 appointed BDO Réviseurs d'Entreprises srl, represented by Mr Christophe Colson, as its permanent representative to act as the company's auditor for the financial years 2022 to 2024;

- to counter the extraordinary increase in the energy component of customers' bills, the Walloon Government wished, as part of the analysis of possible excess profits in the energy sector[3], to examine the possibility of transforming the bonuses for the financial years 2019 to 2022 into regulatory liabilities that could reduce distribution tariffs. Discussions ensued between the DSOs concerned, including ORES Assets, the CWaPE and the Walloon Government, at the end of which it was confirmed that these bonuses did not constitute excess profits. ORES Assets has undertaken to use the natural bonuses to cover the additional costs for 2022-2023 and not to request an increase in tariffs for 2023. In addition, in its 2019-2028 vision, the intermunicipal company has committed to reinvesting the "good management" bonus in the energy transition;

- as the National Bank of Belgium points out in its 2022 report, the main driver of the rapid rise in inflation is Russia's invasion of Ukraine. The pre-existing tensions on the energy markets have increased, resulting in a considerable rise in the price of natural gas in particular, and the electricity linked to it. This was followed by an increase in prices, as a growing number of companies passed on this rise. The extremely high inflation of 2022 had consequences for the Group;

- on 22 December 2022, the Court of Cassation ruled in favour of the regulator in the CWaPE's appeal against the Market Court's ruling on the CWaPE's refusal to accept the electricity and gas balances reported by ORES Assets for the 2017 and 2018 operating years. An additional tariff debt of €25m has been recognised in ORES Assets. ORES Assets may refer the matter to the Market Court, otherwise composed, to obtain a new ruling annulling the contested decisions of the CWaPE.

D. Report on risks and uncertaintiess

The following paragraphs describe the steps taken to identify the principal risks and uncertainties that the ORES Group ("the Group") may face and the steps taken to mitigate them. Risk management is a key process to assist ORES in achieving its strategic objectives as documented in the strategic plan as well as its operational risks. Since 2018, the risk management methodology defined by the Group has been evolving as part of a continuous improvement process. In mid-2022, a new review of the evolution of this methodology was initiated in order to strengthen risk control. This will be implemented from April 2023.

This process identifies, analyses and evaluates risks according to their nature, likelihood of occurrence and potential impact on the achievement of objectives, as well as on ORES' strategic and operational challenges and projects. The main results for the 2022 financial year are explained below, focusing on the most significant risks as they emerged from the risk analysis presented in June and updated in September 2022[4]. Certain unidentified risks could arise or, although they appear limited today, become more significant in the future. Nonetheless, the methodology put in place, by making all departments accountable and thereby multiplying the sources of information, greatly reduces the probability of ignoring a significant risk.

i. Risks relating to transformation and the scale of change

These are risks relating to human and financial sustainability and therefore to ORES' ability to implement its strategic plan and its transformation and to cope with the scale of the associated changes. These risks may take the form of difficulties linked to :

- the simultaneity of projects, and therefore the number of projects to be carried out jointly, the management of dependencies and the achievement of objectives in terms of scope/plan/budget;

- human resources, in particular the sustainability of the workload, as well as the retention of talent and the ability to attract it to the company, taking into account the future skills required.

These difficulties can have an impact on the implementation of this strategic plan.

[3] *Windfall effect, where unexpected profits resulting from the fact that the selling price is significantly higher than the production cost*

[4] *For operational, IT and human resources risks, not identified in the most significant risks, reference is made to the description given in the 2019 annual report.*

The actions taken or introduced to mitigate this risk include paying particular attention to governance and the project methodology framework, close monitoring of human resources and the launch of initiatives such as talent management, change management, etc. Similarly, the implementation of these actions opens up opportunities for ORES, such as mobilising staff behind the vision and history of change, reflecting on efficiency, raising awareness of the budget process and compliance with it, developing agility and adapting the organisation and its processes, etc.

ii. Business continuity risks

The COVID 19 pandemic demonstrated the importance of putting in place business continuity measures in order to continue working even in degraded mode. Having a continuity and return-to-normal strategy is not a one-off need. It is a long-term approach that enables us to deal with unforeseen events (climatic hazards, malicious attacks, equipment and infrastructure failures, etc.) that could have an impact on ORES' businesses at all levels (operation of distribution facilities, market processes, etc.).

The war in Ukraine has increased this risk throughout 2022 by putting severe pressure on the availability of certain raw materials essential to ORES' businesses and pushing prices up.

Added to this is the frequency and severity of exceptional weather events such as storms, temperature rises and variations, intense rainfall and the flooding that can ensue...

As a result, in June 2022, following the risk image, the Executive Committee decided to strengthen its governance in terms of business continuity via a "Business Continuity" Working Group, which aims to strengthen governance as well as continuous improvement enabling the company to ensure business resilience. The activities carried out include making an inventory of critical processes and the scenarios to be taken into account, drawing up or updating continuity plans in line with the defined governance, ensuring consistency with the IT recovery plan and carrying out exercises and feedback as part of the continuous improvement process.

In addition, ORES has an internal emergency plan and, where necessary, takes exceptional and proportionate measures in order to:

- protect the health of its staff;
- maintain the essential public service missions carried out by the company.

ORES has demonstrated its ability to effectively carry out its public service missions in the context of the unprecedented health crisis of recent years.

iii. Regulatory risk

The electricity and gas distribution sector is subject to increasingly rapid and uncertain change. As a result, there is an increasing likelihood that sudden and/or unexpected legislative and/or regulatory changes will have a significant impact on the company's strategy, with potential effects on projects already underway, and the need to launch new projects in a very short term and mobilise the company's human and budgetary resources. These uncertainties and repeated changes make it more difficult to develop effective operational strategies. More specifically, particular attention is being paid to the company's ability to maintain consistency between its vision, strategy, transformation plan and changes in the external environment. An update of the strategic plan was approved at the end of 2022 and is regularly monitored.

iv. Risks related to the volume of energy distributed

The ban on the use of fossil fuels in 2050 and the measures adopted by the European Union to gradually encourage the introduction of this ban (e.g. for financing) could have an impact on the Group's gas business. This impact will depend on the vision that is adopted for the role of gas in the low-carbon society we are aiming for. It could involve a reduction in the penetration rate, an increase in related or resulting costs (and therefore in tariffs), a depreciation

problem if certain assets cannot be used until the end of their initial lifespan, or an increase in financing costs. In addition, other sources of energy, such as heating networks, could compete directly with the gas business.

The reduction in consumption, and therefore in the volumes passing through the networks, following improvements in the energy efficiency of buildings and the development of forms of self-generation of energy (such as photovoltaic panels), could also have an impact on the gas business as well as the electricity business. This impact would take the form of a reduction in the base (kWh) on which the costs of these activities can be passed on, and therefore an increase in tariffs, assuming a constant tariff system. However, this reduction could be offset by the emergence of new uses (electric vehicles, heat pumps, etc.). In a study carried out for the Group by Climact, the latter estimated the increase in electricity consumption on the ORES Assets network at 30% between 2020 and 2030 and 64% between 2030 and 2050.

Facilitating the development of biomethane by welcoming new injection points and monitoring the development of hydrogen injection into the gas distribution network are actions that can help mitigate this risk, which could also represent an opportunity through the development of injection into the "green" gas network.

In addition to the threats it may pose to the volume of energy (electricity and gas) drawn from the distribution networks, the energy transition is also placing the distribution networks at the heart of the technological and societal changes associated with this transition. By asserting its desire to be a facilitator of the energy transition, ORES aims to be a key player in the service of these very many developments: renewable energy production connected to the distribution network (photovoltaic panels, wind farms, biomethane injections), energy communities, flexibility, storage, etc. The opportunities are numerous and are being followed by a growing number of customers. ORES is keeping a close eye on all these opportunities.

The evolution of the company's strategy incorporates these risks and opportunities to ensure a successful transition to the world of tomorrow, while taking care to support customers through these changes and anticipating potential problems such as power grid congestion.

v. Risk related to external service providers

ORES and ORES Assets are subject to public procurement legislation for the purchase of supplies, services and works. ORES has noted an upward trend in the cost of the contractors it uses via public contracts, combined with reduced availability. A "vision of external service providers" has been defined in order to identify the main levers behind these increases, and thus to mitigate this risk. Similarly, public procurement strategies have been adapted and specifications reviewed.

vi. Risks associated with fuel scarcity

The succession of crises such as COVID 19, the heavy flooding in mid-2021 and the explosion in energy prices have made Walloon households more vulnerable, particularly in terms of access to energy. ORES is working alongside its customers to help them cope with their difficulties by setting up a free telephone number (1718) to answer their questions and provide them with the best possible advice on the assistance available (access to the social tariff, protected customer status, winter plan, etc.).

The increase in the number of customers benefiting from these subsidies has put pressure on the volume of energy that the company has to purchase and the cost of this energy. Attention is also being paid to fraud detection, in a more favourable context.

In this difficult economic climate, the risk of energy supplier(s) defaulting is real, given that energy prices remain very high, while suppliers have to supply some of their customers at fixed prices well below market prices (under fixed contracts) and many customers find themselves unable to pay their energy bill or with a payment plan. Action has also been taken following an audit of the management of access contracts.

vii. Economic and financial risks (including tariff risks)

vii. a. Tariff risks

The activities of ORES and ORES Assets are governed by an important legislative and regulatory framework, two of the main elements of which are the tariff decree and the tariff methodology established by the CWaPE on the basis of this decree. In particular, this framework determines the resources available to the DSO to finance its activities (the authorised income) or a set of rules that can positively or negatively influence shareholder remuneration (incentive regulation mechanism). In 2018, the regulator approved the authorised income available to the Group for the period 2019-2023, and in 2019 it approved the tariffs for the period 2019-2023. This is a positive element that gives the company 5-year visibility on the resources available to it. In 2018, the regulator also approved special envelopes for specific projects. Following the publication of the Walloon decree of 19 July 2018 on the rollout of smart meters, the assumptions used in the envelope relating to the specific "smart metering" project as approved by the regulator have had to be revised (in particular a change in meter technology and a downward revision of the volumes deployed over the period 2019-2023). Discussions between CWaPE and ORES on the specific envelope revised to take account of these new assumptions culminated in October 2021 with the regulator's approval of the revised net charges.

Discussions on the adoption of the tariff methodology applicable during the next tariff period have begun. Given the postponement of the adoption of the 2024-2028 methodology to 1 June 2023 and the change in the regulatory period of this tariff methodology to 2025-2029, 2024 will be a transitional year. The 2024 tariff methodology is largely a continuation of the 2019-2023 tariff methodology. Discussions on the 2025-2029 methodology are therefore still ongoing. During these discussions, ORES will pay particular attention to ensuring that this methodology guarantees the sustainability and long-term vision of DSO activities in the context of the energy transition. Changes to the tariff methodology could have an impact on ORES' profitability, nevertheless the regulator remains bound by the principles of the European directives and the tariff decree of 19 January 2017.

Discrepancies may arise between forecast controllable costs and actual costs, both in terms of authorised income and specific budgets. To mitigate this risk, the following actions in particular have been put in place:

- monthly budget monitoring, fine-tuning of budgets as and when required and preparation of best estimates;
- monitoring indexation parameters and changes in certain costs.

Finally, the company must ensure that it complies with its financial covenants, which are monitored regularly.

vii. b. Inflation risk

Inflation risk is the risk of a more or less lasting and controllable rise in prices. The CWaPE tariff methodology stipulates that controllable costs (excluding net costs related to fixed assets) increase annually on the basis of an indexation factor (linked to the health index) of 1.575%, which is not revised during the tariff period. As a result, any price increase in excess of the inflation forecast in this methodology could have an impact on the controllable cost envelope (excluding net fixed asset charges) available to ORES Assets to carry out its missions. Thus, the increase in prices paid to suppliers for the purchase of materials and goods, for services rendered, etc., as well as the increase in the salaries of the company's personnel resulting from this inflation, could require arbitration in order to respect the overall budget allocated.

vii. c. Tax risk

ORES Assets, Comnexio and ORES are subject to corporation tax. Changes in tax regulations and their interpretation by the tax authorities may have an impact on the Group. The tariff methodology provides that any tax charge for ORES Assets is included in the pricing as a non-controllable cost. Consequently, the impact of these changes and interpretations is essentially limited to ORES and Comnexio.

vii. d. Asset and liquidity risks

As part of the management of these risks and the billing of network usage fees, which account for most of the Group's revenue, ORES Assets has financial guarantees from its energy suppliers who are active on the network. These guarantees are defined in the contract granting access to the network and are subject to annual review.

ORES has short-term financing capacity through its commercial paper programme and the credit line referred to above; it can be considered that the liquidity risk is more than controlled. Cash management enables us to limit market, asset structure and liquidity risks. The management bodies have implemented a prudent investment policy, based on diversification and the use of products with limited credit and interest rate risk.

vii. e. Macro-economic and economic risks

The economic situation may have repercussions on demand for electricity and natural gas, on the price of certain charges linked to energy prices or on the Group's financing conditions.

As regards the impact on demand for electricity and natural gas, this risk and its effects are not normally borne by the Group. The 2019-2023 tariff methodology provides for the regulator to monitor differences between the budget and reality during the year following the year in question (N+1), including the volume risk. The tariff for regulatory balances is, in principle, adjusted to take account of these differences from 1 January of the year following that of the control (N+2).

Expenses linked to the price of energy, such as the purchase of energy for the price of losses, are essentially controllable expenses for DSOs. The increase in energy prices on the wholesale markets, for electricity but mainly for gas, which began in September 2021, may have an upward impact on these costs, causing them to exceed the level of costs accepted by the regulator. Similarly, as mentioned above, rising energy prices could worsen the financial situation of some suppliers who are already in a precarious position. The financial impact of energy supplier bankruptcies is also considered by the tariff methodology as a controllable expense. Furthermore, this increase could also lead to a slowdown in the investment work requested by customers. At present, these impacts are not such as to compromise the Group's continuity.

With regard to the repercussions on the Group's financing conditions, please refer to the paragraph on interest rate risk (derivative financial instruments for hedging purposes, financing and debt management policy and monitoring of market data).

Notes to the consolidated profit or (loss) statement

Note 01 A – Turnover (in thousands of €)

Electricity	31/12/2022	31/12/2021
Distribution fees	902,335	1,002,171
Public service obligation (PSO)	43,930	24,060
Other	2,575	4,174
	948,840	**1,030,405**

Gas	31/12/2022	31/12/2021
Distribution fees	199,796	218,607
Public service obligation (PSO)	26,218	8,070
	226,014	**226,677**

Not allocated	31/12/2022	31/12/2021
Third-party inventory management	5,840	4,613
Construction contracts	18,821	18,374
	24,661	**22,987**

Total turnover	**1,199,515**	**1,280,069**

Performance obligations satisfied over time	**1,196,940**	**1,275,895**
Performance obligations satisfied at a specific point in time	**2,575**	**4,174**

Distribution fees

The Group's turnover is mainly based on income and expenses related to distribution fees for the electricity and gas distribution network. The Group distributes electricity and gas to homes and businesses connected to the network on behalf of energy suppliers. In the case of electricity, the distribution fee also includes the transport fee (re-invoicing of the costs of using the transport network, for which Elia is the sole operator). The later one is invoiced by Elia to the Group and recognised in cost of sales (cascade principle), which in principle results in neutrality in the income statement - see also note 03.

Income and expenses related to distribution fees are recognised, based on the tariffs in force for the year, when electricity or gas has been supplied and transported to consumers connected to the distribution network during the corresponding period. The amounts are recognised progressively as revenue and are based on meter readings and estimates for the unmetered portion of network usage (billed as an advance payment). These estimates

are corrected at the balance sheet date with the unmetered distribution fee (RTNR) which is calculated on the basis of the total volumes that have transited the network.

The regulatory environment in which the Group operates is described in the accounting policies in section 3.A.15.

With regard to electricity transit charges, despite a slight increase in volumes billed in 2022 (+1.04%) and in volumes allocated in 2022 (+2.69%), electricity transit charges fell significantly by €99.8m (-9.96%) following the abolition of certain surcharges (including the federal contribution) decided by the Federal Parliament (through the programme law of 27 December 2021 amending articles 83 and 84 of article 21bis and ter of the law of 29 April 1999) and applicable from 1 January 2022. These surcharges were invoiced by Elia at transmission level and passed on in the invoice issued by ORES Assets to energy suppliers (see note 02 on this subject). These surcharges have been replaced by an excise duty invoiced by the energy supplier directly to the end customer.

Gas road charges decreased by 8.60% compared with 2021 as a result of lower volumes billed (-4.25%) due to the energy context (higher prices, changes in behaviour, etc.) and a warmer-than-average year in 2022, with cumulative degree-days decreasing compared with December 2021 (source Synergrid: www.synergrid.be).

Public service obligations (PSOs)

The Walloon Government imposes public service obligations (PSOs) to the DSOs which are clearly defined, transparent and non-discriminatory, the fulfilment of which is subject to control by the regulators (mainly the CWaPE, but also the CREG for supplying protected clients). They mainly consist of:

- to ensure, at the social rate, the supply of electricity to protected customers. The difference between the social tariff and the market price is partly recovered by the DSOs from the CREG (a fund managed by the latter), and partly through the tariffs according to the type of protected customer. This ensures the neutral impact on the profit/loss;
- to ensure, on a temporary basis, the supply of end customers who find themselves temporarily without a supply contract or in the links of a supply contract that has been suspended (so-called "supplier X" customers). The corresponding energy purchases are recognized in cost of sales (see note 03);
- to ensure the installation of a budget meter at the request of the customer or as part of a procedure for default of payment by the end customer to its energy supplier;
- to provide a single point of contact to simplify administrative procedures, as the DSO is the sole point of contact for electricity producers with an installation of photovoltaic solar panels with a net power less than or equal to 10 kVA wishing to connect to the grid.

Income and expenses related to the sale of energy under public service obligations (in particular to protected customers) are recognized progressively as soon as the electricity or gas has been supplied and transported to consumers connected to the network during the corresponding period. The amounts recognized as revenue are based on meter readings and estimates for the unmetered portion of network usage.

PSOs for both electricity and gas were up by €19.9m and €18.1m respectively. This is largely due to the increase in the amounts receivable from the CREG to compensate for the social tariff granted in 2022 by ORES following the federal Government's decision to extend the social tariff to a larger number of people. There is also an increase in the quantities sold in 2022: +8.76% for electricity and +1.6% for gas.

Third-party inventory management

The Group has entered into a service contract for inventory management (logistics) on behalf of a third party, to which it also sells goods. This contract stipulates remuneration based on the number of square metres used.

Construction contracts

The Group's turnover also includes income from construction contracts for various projects such as extending the public lighting system or network maintenance. Where the deadline for a construction contract can be estimated reliably, the income and expenses associated with this contract are accounted for in the profit and loss statement gradually, depending on the progress of the contract.

Note 01 B – Regulatory balances (in thousands of €)

1.Statement of financial position

Regulatory assets	31/12/2022	31/12/2021
Distribution and transportation balance	36,290	87,769
	36,290	**87,769**
Regulatory liabilities	**31/12/2022**	**31/12/2021**
Distribution and transportation balance	(56,255)	(4,601)
	(56,255)	**(4,601)**
Regulatory liabilities	**(19,965)**	**83,168**
Previous regulatory period	21,878	33,878
Current regulatory period	(41,843)	49,290

2. Details of the evolution of the regulatory balances

	31/12/2022	31/12/2021
Via total comprehensive income	(110,788)	(2,613)
Other	7,656	2,603
	(103,132)	**(10)**

3. Statement of comprehensive income

Electricity	31/12/2022	31/12/2021
Year 2022	(86,695)	(10,528)
Previous years	(32,642)	474
	(119,337)	**(10,054)**
Gas	**31/12/2022**	**31/12/2021**
Year 2022	25,024	2,017
Previous years	(11,491)	(2,679)
	13,533	**(662)**
Transport	**31/12/2022**	**31/12/2021**
Year 2022	(9,727)	7,042
Previous years	4,743	1,061
	(4,985)	**8,103**
Total soldes tarifaires	**(110,788)**	**(2,613)**

Detailed information on the CWaPE tariff methodology and the regulatory environment in which the Group operates is described in the accounting policies in section 3.A.15.

Currently, there is no specific IFRS standard dealing with the accounting of regulatory balances in a regulatory environment. Discussions are underway within the IASB to develop a new standard on regulatory assets and liabilities that would clarify the position to be taken by companies. To this end, a transitional standard was published in January 2014 (IFRS 14 - Regulatory Deferral Accounts) applicable only to first-time IFRS adopters. This standard explicitly foresees the recognition of regulatory assets and liabilities in the financial statements but requires them to be clearly distinguished from other assets or liabilities. In January 2021, the IASB published a draft standard «Regulatory assets and regulatory liabilities». The draft standard confirms this approach of «additional» recognition of regulatory assets, liabilities and revenues compared to other IFRS standards and in particular IFRS 15 for revenues, based on the fact that the Group has rights to receive economic benefits in the future (or a reimbursement obligation) under the current tariff methodology. This is the approach currently applied by the Group in preparing its financial statements. However, the Group has yet to analyse in detail the consequences of the application of this new standard, and will closely monitor the evolution of the project in the light of the comments on the text and the future discussions of the IASB.

The Group has assumed that these balances will be recovered in the future, which has been the case since 2015 in the form of instalments for the 2008-2014 balances and definitively for the balances allocated by CWaPE since 2019 (see below), and they are therefore recognised as an asset or liability.

The regulatory balances at the end of 2022 result in a credit regulatory balance of €20.0m, compared to a debit regulatory balance of €83.2m in 2021. The changes this year relate to:

- The distribution regulatory balances for the year: -€86.7m for electricity and +€25.0m for gas;
- Previous distribution balances recovered/returned: -€15.7m for electricity and -€3.3m for gas;
- A correction of the 2017-2018 distribution balances of -€16.9m for electricity and -€8.2m for gas. As a reminder, in 2019, as part of the ex-post control exercises, CWaPE rejected part of the regulatory balances for the years 2017 and 2018. The amounts rejected were removed from the regulatory balances in the 2019 accounts. In 2020, in the context of the appeal lodged by ORES against the CWaPE's rejection decision, the Market Court ruled in favour of ORES. The balances rejected in the 2019 accounts were reinstated in the 2020 accounts and therefore added to the regulatory balances for that year. In 2022, in the context of the appeal lodged by CWaPE against the decision of the Court of Markets, the Court of Cassation ruled in favour of the regulator (included on the line «Previous years»).

It should also be noted that, since 2019 and the entry into force of the 2019-2023 tariff methodology, these differences have been recorded separately for distribution and transmission.

Past tariff balances for both gas and electricity (2008-2019) are recovered or retroceded by ORES Assets via the distribution tariffs, as decided by the CWaPE in its successive tariff methodologies. As a result, in 2022, an amount of -€19.0m was recovered, excluding transport (2021: -€2.3m), including -€15.7m in electricity and -€3.3m in gas.

For both electricity and gas, the distribution regulatory balance for 2022 is the result of the contraction of the following factors:

- the volume effect: significant regulatory liabilities recorded in electricity because the quantities distributed in 2022 were higher than budgeted, unlike in gas, where a regulatory asset was recorded (volumes down in 2022);
- a regulatory liability has been recorded in respect of public service obligations for electricity (end of the Qualiwatt scheme, increased CREG compensation, etc.) and a regulatory asset for gas (sharp increase in gas purchases, see note 03 on this subject).

As regards the balances relating to transmission, a regulatory liability of €9.7m has been recorded this year, justified by the difference between the assumptions used to calibrate the tariffs for rebilling transmission costs and the use of actual volumes to calculate the balance. As for the balances for 2020, €4.7m has been recovered in full this year. Finally, it should be noted that in 2022, the balance sheet movement of €7.7m results from a transfer from regulatory liabilities to other liabilities following the final balances for the 2021 financial year.

Note 02 – Other operating income (in thousands of €)

	31/12/2022	31/12/2021
Recovery of fraudulent consumption	1,181	1,728
Various recoveries from clients	8,975	7,402
Network damages	3,961	3,284
Leases / supplies	4,525	4,617
Other recovery of expenses	10,058	7,569
	28,700	**24,600**

The heading «other recovery of expenses» mainly concerns recoveries other than those related to the network operators customers, such as:

- training costs invoiced to our subcontractors for the granting of work permits on our networks;
- the re-invoicing of costs related to projects carried out jointly with our Wallons, Brussels or Flemish counterparts, lower this year;
- administrative management on behalf of other companies in the sector.

Note 03 – Cost of sales (in thousands of €)

Goods and supplies	31/12/2022	31/12/2021
Energy purchases (PSO - gas and electricity)	62,389	38,116
Network losses (electricity)	25,713	28,147
Goods	20,941	17,628
	109,043	**83,891**
Transport fees (electricity)	256,229	421,309
Road fees	48,770	45,097
	414,041	**550,297**

Supplies and goods

This item comprises the purchase of network losses from the electricity sector. In accordance with the Electricity Decree of 12 April 2001, the distribution network operator is responsible for purchasing energy to cover losses in accordance with transparent and non-discriminatory procedures, giving priority to green electricity when this does not give rise to additional costs. The purchases required to cover these losses are subject to public procurement rules (competitive tendering procedure – invitation to tender or award). They are down (-€2.4m) mainly due to a reduction in quantities (-4.3%) coupled with a reduction in the price per MWh (the price applied in 2022 being set at the end of 2021, on the basis of a public contract dating from 2020).

Energy purchases relate, among other things, to customers protected under the public service obligations. The significant increase (+€24.3m) is mainly due to gas purchases for own customers following the price hike in 2022, coupled with a slight increase in the quantities purchased. This increase is offset very slightly by electricity purchases, which show a cumulative fall in the price per kWh (as for the purchase of losses, the price applied in 2022 being set at the end of 2021, on the basis of a public contract dating from 2020) and in the quantities purchased.

ORES purchases energy under the current contracts, which have been signed for a period of 3 years, until the end of 2022. They are made at a fixed price, which is determined the year before it is applied. They have therefore not been affected by the rise in energy prices observed on the markets since the last quarter of 2021.

The final item concerns the purchase of goods (+€3.3m). Its increase, in line with the increase in our inventory (see note 12), is explained on the one hand by a rise in raw material prices in 2022 due to the global inflation experienced in 2022 and on the other hand by greater activity, particularly in capital works.

Transport fees

The electricity transport network operator invoices the DSO every month for the fee for using its network. In turn the DSO re-invoices this fee to the energy suppliers (cascade principle). This only involves the electricity sector as the gas transport fee is invoiced directly by the gas transport network operator to the energy suppliers.

The sharp reduction of -39.18% in 2022 is due to the combined effect of a fall in volumes transported (-10.31%) and in the price per KWh (-39.59%) following a reduction in surcharges and in the Elia tariff, and more particularly the replacement of the federal contribution on 1 January 2022 by an excise duty billed directly by the energy supplier to the end customer (see also the impact on the transit charge).

Road fees

The DSO is obliged to calculate the road fees associated with electricity (repaid in full to the municipalities) or gas (repaid to the municipalities, provinces and the Walloon Region) distribution annually. They are calculated on the basis of the quantities transported the previous year.

Note 04 – Other operating expenses (in thousands of €)

	31/12/2022	31/12/2021
Third-party fees	32,111	31,920
IT consultancy	54,455	41,273
Insurances	2,556	2,462
Vehicle leases	114	705
Building and optical fibre leases	1,029	465
Other leases and fees	16,147	17,953
Vehicle expenses	7,926	6,616
Specific supplies to the company	7,972	7,123
Other	86,348	11,203
	208,658	**119,720**

IT consultancy costs are up (+€13.2m) and should be viewed in the context of the reduction in investment in intangible assets in 2022 (see note 08). In 2022, consultancy expenditure will relate either to projects in progress which have not yet reached the stage of being recognised as intangible assets, or to the maintenance of projects previously recognised as investments, such as the Atrias project.

The increase in «Other» (+€75m) is largely due to a sharp rise in net provisions (+€51m in 2022 compared to -€23m in 2021) (see note 18).

Note 05 - Financial income (in thousands of €)

	31/12/2022	31/12/2021
Interest income	636	167
Other	15,710	11,004
	16,346	**11,171**

During the last quarter of 2022, interest rates offered on traditional financial investment products began to rise, which largely explains the increase in interest income recorded in 2022.

Other financial income mainly comprises net financial income on pensions (see note 20) of €0.1m and the change in the fair value of active financial instruments (interest rate caps) of €11.3m (compared with €3.3m in 2021), which largely explains the upward trend in this item (see notes 26 and 27).

Note 06 - Financial expenses (in thousands of €)

	31/12/2022	31/12/2021
Interest on traditional loans	13,097	9,855
Interests on bonds	10,570	18,446
Interest on lease liabilities	323	341
Other interest charges	627	963
Total interest expenses	**24,617**	**29,605**
Unwinding of discount of provisions	(1,624)	0
Other financial expenses	5,312	951
Total financial expenses	**28,305**	**30,556**

Description of the hedging policy within the Group

A change in interest rates has an impact on the level of financial expenses. In order to minimise this risk, the Group applies a financing policy that seeks to achieve an optimal balance between fixed and variable interest rates, and within this framework uses financial hedging instruments to cover uncertain developments. The financing policy takes into account the difference in the life of the loans and assets. These three points (duration of borrowings, interest rates and use of hedging derivatives) were the subject of decisions by the competent bodies of ORES Assets and ORES, which made it possible to set the financial policy necessary for the active management of the debt.

Commercial paper programme

In 2022, ORES did not use the long-term or short-term commercial paper programme.

Bonds

No new bonds were issued by the Group in 2022.

As a reminder, in October 2021, ORES redeemed a €290.6m bond that had reached maturity. This explains the decrease in interest expense on bonds of €7.9m.

At the end of 2021, ORES had issued two unlisted bond loans for a total amount of €100m over an average maturity of 15 years.

Traditional loans

Interest expense on traditional loans increased by just over €3m, due to the interest on loans taken out at the end of 2021 being charged in 2022. It should be noted that despite the rise in interest rates observed since the beginning of the second half of 2022, ORES has been able to rely on hedging products purchased in previous years to protect its debt against rising interest rates. The new loans contracted at the end of December 2022, amounting to €150m will bear interest from 2023.

Derivatives (swaps, caps, collars - recognised in other interest charges)

Since 2017, instead of hedging its variable loans with swaps, the Group took out caps on interest rates allocated to non-current assets and not described as hedging assets (see note 27 on this subject).

Other interest charges arise mainly from changes in the fair value of these financial products, where this change is negative. In 2022, the increase in this item is largely due to the sale of the two swaps included in financial assets at the end of 2021, for which the reversal of their fair value generated a financial expense of €3.7m (offset by financial income of the same amount).

Effect of the "unwinding of discounts on provisions"

This item in particular shows actuarial differences connected to the "unwinding of discounts" (as the liability is a discounted amount, it increases, all things being equal, over time) on provisions relating to jubilee and incapacity bonuses (these benefits are treated like other long-term benefits).

However, in 2021, the net effect on the provision for pension plans is a financial charge following the poor performance of pension plans in 2022 (see note 20).

Note 07 - Segment information (in thousands of €)

Financial information by operating segment according to Belgian accounting standards (in thousands of €)

Comprehensive income

31/12/2022	Segment		Other activities[5]	ORES[6]	COMNEXIO[7]	TOTAL COMBINED[8]
	GAS	ELECTRICITY				
Belgian GAAP						
Turnover	220,270	820,947	2,286	614,498	8,925	1,666,927
Other operating income	23,290	74,985	74	10,555	3	108,907
Operating expenses	(184,374)	(810,904)	(2,364)	(632,481)	(8,843)	(1,638,967)
Operating profit or (loss)	**59,186**	**85,028**	**(4)**	**(7,428)**	**85**	**136,867**
Financial income	176	565		22,096		22,837
Financial expenses	(7,240)	(14,475)		(22,096)	(1)	(43,812)
Financial profit or (loss)	**(7,064)**	**(13,910)**	**0**	**0**	**(1)**	**(20,975)**
Other						
Profit or (loss) before taxes	**52,122**	**71,118**	**(4)**	**(7,428)**	**84**	**115,892**
Taxes	(12,436)	(31,299)		7,428	(84)	(36,391)
Allocation to tax-free reserves	(306)	(793)				(1,099)
Profit or (loss) for the period	**39,380**	**39,026**	**(4)**	**0**	**0**	**78,402**

[5] *Activities related to real estate leasing*

[6] *ORES is a 99.72% subsidiary of the ORES Assets.*

[7] *COMNEXIO is a 93% subsidiary of ORES Assets*

[8] *Combined financial statements of the group without elimination of intercompany transactions*

31/12/2021	Segment		Other activities[5]	ORES[6]	COMNEXIO[7]	TOTAL COMBINED[8]
	GAS	ELECTRICITY				
Belgian GAAP						
Turnover	223,443	1,039,452		584,467	7,564	1,854,926
Other operating income	6,292	49,905	74	11,063	3	67,337
Operating expenses	(147,834)	(894,357)	(25)	(582,366)	(7,494)	(1,632,076)
Operating profit or (loss)	**81,901**	**195,000**	**49**	**13,164**	**73**	**290,187**
Financial income	44	149		27,081		27,274
Financial expenses	(9,732)	(17,862)		(27,081)		(54,675)
Financial profit or (loss)	**(9,688)**	**(17,713)**	**0**	**0**	**0**	**(27,401)**
Other						
Profit or (loss) before taxes	**72,213**	**177,287**	**49**	**13,164**	**73**	**262,786**
Taxes	(17,635)	(49,453)	(12)	(13,164)	(73)	(80,337)
Allocation to tax-free reserves	(267)	(241)				(508)
Profit or (loss) for the period	**54,311**	**127,593**	**37**	**0**	**0**	**181,941**

[5] *Activities related to real estate leasing*

[6] *ORES is a 99.72% subsidiary of the ORES Assets.*

[7] *COMNEXIO is a 93% subsidiary of ORES Assets*

[8] *Combined financial statements of the group without elimination of intercompany transactions*

Financial Position

31/12/2022	Segment		Other activities[5]	ORES[6]	COMNEXIO[7]	TOTAL COMBINED[8]
	GAS	ELECTRICITY				
Belgian GAAP						
Non-current assets	**1,350,725**	**2,667,172**	**555**	**1,778,481**	**627**	**5,797,560**
Intangible and tangible assets	1,348,232	2,650,811	540	2,034	627	4,002,244
Other non-current assets	2,493	16,361	15	1,776,447	0	1,795,316
Current assets	**88,535**	**455,537**	**(8,602)**	**505,953**	**2,471**	**1,043,894**
Inventories	0	11,542	0	59,942	0	71,484
Trade and other receivables	35,969	349,703	(8,602)	111,714	78	488,862
Cash and cash equivalent	10	212		330,313	2,346	332,881
Other current assets	52,556	94,080		3,984	47	150,667
TOTAL ASSETS	**1,439,260**	**3,122,709**	**(8,047)**	**2,284,434**	**3,098**	**6,841,454**
Equity	**576,925**	**1,340,390**	**(4)**	**509**	**25**	**1,917,845**
Share capital	278,225	589,238	0	458	25	867,946
Other reserves	298,700	751,152	(4)	0		1,049,848
Capital grants	0	0	0	51		51
Non-current liabilities	**724,515**	**1,416,446**	**0**	**1,791,527**	**8**	**3,932,496**
Borrowings	718,500	1,362,009		1,773,410		3,853,919
Provisions	6,015	54,437		18,117	8	78,577
Current liabilities	**137,820**	**365,873**	**(8,043)**	**492,398**	**3,065**	**991,113**
Borrowings	45,385	94,886		118,600		258,871
Trade payables	22,418	81,948	0	88,478	1,787	194,631
Other current liabilities	70,017	189,039	(8,043)	285,320	1,278	537,611
TOTAL LIABILITIES	**1,439,260**	**3,122,709**	**(8,047)**	**2,284,434**	**3,098**	**6,841,454**

31/12/2021	Segment		Other activities[5]	ORES[6]	COMNEXIO[7]	TOTAL COMBINED[8]
	GAS	ELECTRICITY				
Belgian GAAP						
Non-current assets	**1,320,151**	**2,643,214**	**580**	**1,691,382**	**0**	**5,655,327**
Intangible and tangible assets	1,317,071	2,624,452	565	2,372	0	3,944,460
Other non-current assets	3,080	18,762	15	1,689,010	0	1,710,867
Current assets	**101,691**	**513,029**	**(19,038)**	**481,033**	**1,432**	**1,078,147**
Inventories		8,588		53,489		62,077
Trade and other receivables	60,797	384,554	(19,038)	204,568	20	630,901
Cash and cash equivalent	1	121		217,083	1,403	218,608
Other current assets	40,893	119,766		5,893	9	166,561
TOTAL ASSETS	**1,421,842**	**3,156,243**	**(18,458)**	**2,172,415**	**1,432**	**6,733,474**
Equity	**571,489**	**1,338,941**	**0**	**517**	**25**	**1,910,972**
Share capital	278,225	589,238		458	25	867,946
Other reserves	293,264	749,703		0		1,042,967
Capital grants				59		59
Non-current liabilities	**720,905**	**1,359,547**	**0**	**1,705,522**	**0**	**3,785,974**
Borrowings	715,056	1,354,919		1,689,000		3,758,975
Provisions	5,849	4,628		16,522		26,999
Current liabilities	**129,448**	**457,755**	**(18,458)**	**466,376**	**1,407**	**1,036,528**
Borrowings	69,617	148,450		138,600		356,667
Trade payables	13,356	142,912		89,991	558	246,817
Other current liabilities	46,475	166,393	(18,458)	237,785	849	433,044
TOTAL LIABILITIES	**1,421,842**	**3,156,243**	**(18,458)**	**2,172,415**	**1,432**	**6,733,474**

Reconciliation of segment information (prepared in accordance with Belgian accounting standards) and the Group's financial statements (prepared in accordance with IFRS standards – in thousands of €)

31/12/2022	Segment information	Group financial statements	Difference
Profit or (loss)			
Turnover and regulatory balances	1,666,927	1,088,726	(578,201)
Profit or (loss) before taxes	115,892	121,092	5,200
Financial position			
Total assets	6,841,454	5,076,387	(1,765,067)
Total liabilities	6,841,454	5,076,387	(1,765,067)
31/12/2021	**Segment information**	**Group financial statements**	**Difference**
Profit or (loss)			
Turnover and regulatory balances	1,854,926	1,277,456	(577,470)
Profit or (loss) before taxes	262,786	271,604	8,818
Financial position			
Total assets	6,733,474	5,021,615	(1,711,859)
Total liabilities	6,733,474	5,021,615	(1,711,859)

The ORES Management Committee, overseen by the ORES and ORES Assets Boards of Directors, is the Group's main operating decision maker. In its day-to-day management, it reviews the accounts of ORES Assets, ORES and Comnexio prepared in accordance with Belgian accounting standards. The Group operates in a regulated environment in which the financial statements of ORES Assets, prepared in accordance with Belgian accounting standards and for each type of energy (gas and electricity), have an impact on future tariffs. Consequently, ORES Assets is organised into operating segments corresponding to electricity and gas energy, to which are added an unregulated activity (other activities) relating to real estate leasing. ORES, for its part, is responsible for the operational and day-to-day management of the activities of ORES Assets; it re-invoices all its costs at cost price to the DSO and therefore makes no profit. Comnexio, a company created in 2019, manages contact center activities and also works at cost on behalf of the DSO.

The operating segments provide identical services to customers of a similar nature in different geographical areas. The two main sectors, namely gas on the one hand and electricity on the other, to which is added a marginal sector (other activities), are representative of the way in which the Group is managed, and correspond to the criteria of consolidation developed in IFRS 8 - Operating Segments.

Difference between the segment information and the consolidated financial statements of ORES Assets

- transactions, balances, income and expenses between operating segments fully eliminated on consolidation;
- recognition of dividends when approved by the General Meeting;
- provision for employee benefits:
  - a. recognition of provisions in respect of Group pension plans,
  - b. pension costs written back from third parties are not carried forward;
- intangible and tangible fixed assets:
  - a. depreciation of fixed assets from the date they are brought into service,
  - b. adjustment of staff costs included in the value of fixed assets,
  - c. recognition of rights of use as investments;
- recognition of derivative financial instruments at fair value;
- recognition of deferred tax on each adjustment made;
- recognition of an additional write-down on trade receivables.

Most of these differences are comprehensively detailed in the note about the Group's transition to the IFRS in the first aggregated financial statements at the end of December 2012.

Information on geographical areas

The Group operates exclusively in Belgium, and more specifically in the Walloon Region.

Information about our main customers

For the gas segment, three of our customers, energy suppliers, together represent 81% of the distribution fees invoiced in 2022 (in 2021, this percentage was 78%).

For the electricity segment, two of our customers, energy suppliers, together represent 71% of the distribution fees invoiced in 2022 (69% in 2021).

Notes to the consolidated statement of financial position

Note 08 – Intangible assets (in thousands of €)

	31/12/2022	31/12/2021
Acquisition cost	138,985	133,795
Accumulated amortisation and impairment	(41,028)	(30,591)
	97,957	**103,204**

Cost		Software	Development	TOTAL
Opening balance	**2021**	**107,767**	**1,535**	**109,302**
Acquisitions		25,690		25,690
Internal developments			775	775
Disposals/decommissioning		(1,261)	(711)	(1,972)
Opening balance	**2022**	**132,196**	**1,599**	**133,795**
Acquisitions		7,958		7,958
Internal developments			985	985
Disposals/decommissioning		(3,753)		(3,753)
Closing balance	**2022**	**136,401**	**2,584**	**138,985**

Accumulated amortisation and impairment		Software	Development	TOTAL
Opening balance	**2021**	**(26,135)**	**(153)**	**(26,288)**
Amortisation costs		(4,958)	(353)	(5,311)
Impairment loss on decommissioning		(964)		(964)
Disposals/decommissioning		1,261	711	1,972
Opening balance	**2022**	**(30,796)**	**205**	**(30,591)**
Amortisation costs		(9,974)	(475)	(10,449)
Impairment loss on decommissioning		(3,741)		(3,741)
Disposals/decommissioning		3,753		3,753
Closing balance	**2022**	**(40,758)**	**(270)**	**(41,028)**
		95,643	**2,314**	**97,957**

Intangible assets acquired or developed in 2022 mainly comprise the following projects:

- Nomad: an application for managing planned work, replacing the «Mes missions» programme;
- SM stratégique: linked to the smart metering project and the communication system;
- SG ADMS: linked to the overall 'smart' networks project: implementation of a distribution (electricity, gas) and fault management system, including integration with the SCADA (remote control) system, which collects measurements in real time and enables remote control of the network;
- Sg data quality: linked to the overall 'intelligent' networks project: development of a centralised database enabling the quality of our business data to be identified, monitored and corrected. Implementation of tools for interacting with this database.

Developments in network management techniques, smart meters and other developments mean that significant costs are being generated; historically, these have been capitalised under the heading «development costs» in intangible assets.

At each balance sheet date, the Group assesses whether any impairment needs to be recognised on projects capitalised as intangible assets, by performing an impairment test. Following this test, impairments were recorded on intangible assets that had not been fully amortised, generating a loss of €3.7m, mainly on the ERP replacement project.

Amounts committed for the acquisition of intangible assets	**31/12/2022**	**31/12/2021**
IT projects	744	2,014
	744	**2,014**

Note 09 – Tangible assets (in thousands of €)

		31/12/2022	**31/12/2021**
Acquisition cost (excluding lease contracts)		7,360,936	7,180,624
Accumulated depreciation and impairments		(3,125,848)	(3,002,460)
Owned tangible assets		**4,235,088**	**4,178,163**
	Land & buildings	**133,163**	**135,973**
	Distribution network	**4,063,995**	**4,006,385**
	Equipment	**36,789**	**35,239**
	Other	**1,141**	**566**
	Subtotal	**4,235,088**	**4,178,163**
Right-of-use		25,335	23,780
Accumulated depreciation and impairment		(13,111)	(10,178)
Tangible assets : right-of-use		**12,224**	**13,602**
	Buildings	**4,217**	**4,948**
	Optical fibre	**4,900**	**5,557**
	Vehicles	**3,107**	**3,097**
	Subtotal	**12,224**	**13,602**
Tangible assets		**4,247,312**	**4,191,765**

1. Owned tangible assets

The acquisition values as well as the depreciation and impairment of the acquired tangible assets (excluding right-of-use assets related to lease contracts) are as follows:

Cost		Land & buildings	Distribution network	Equipment	Other	Total
Opening balance	**2021**	**184,015**	**6,664,746**	**172,089**	**2,453**	**7,023,303**
Acquisitions		1,460	200,118	7,643		209,222
Transfers/decommissioning		(12)	(50,363)	(1,526)		(51,901)
Other						0
Opening balance	**2022**	**185,463**	**6,814,501**	**178,206**	**2,453**	**7,180,623**
Acquisitions		(827)	225,866	11,345	1,716	238,100
Transfers/decommissioning		(12)	(56,368)	(1,407)		(57,787)
Other						0
Closing balance	**2022**	**184,624**	**6,983,999**	**188,144**	**4,169**	**7,360,936**

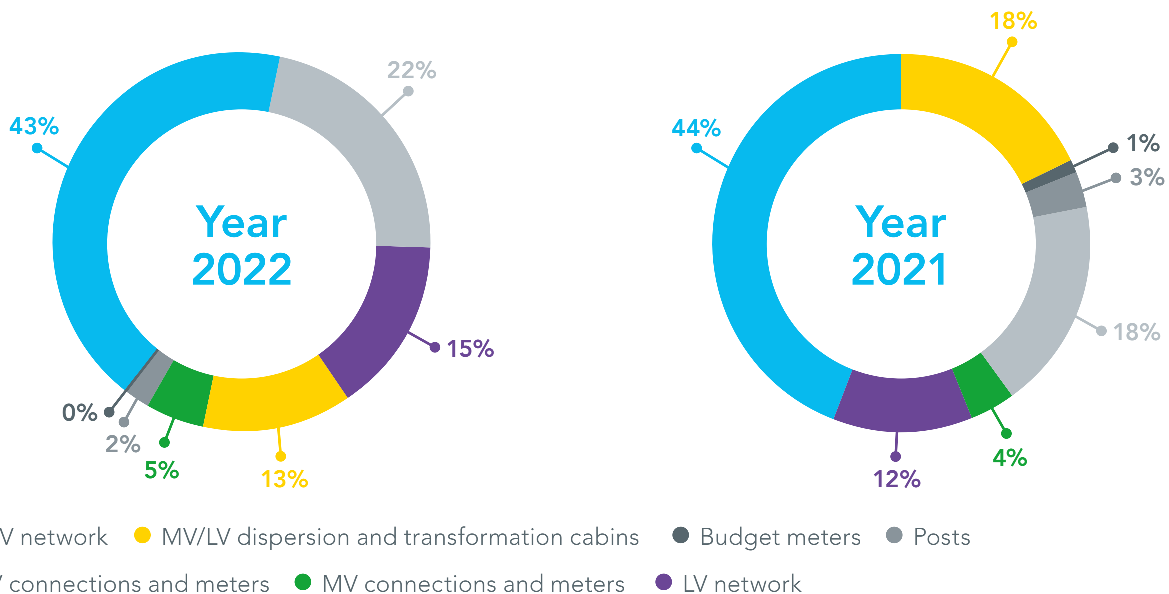
Accumulated depreciation and impairment		Land & buildings	Distribution network	Equipment	Other	Total
Opening balance	**2021**	**(46,396)**	**(2,694,355)**	**(135,460)**	**(1,862)**	**(2,878,073)**
Depreciation expenses		(3,095)	(163,483)	(9,026)	(25)	(175,629)
Transfers/decommissioning		1	49,722	1,519		51,242
Other						0
Opening balance	**2022**	**(49,490)**	**(2,808,116)**	**(142,967)**	**(1,887)**	**(3,002,460)**
Depreciation expenses		(3,088)	(167,378)	(9,793)	(25)	(180,285)
Transfers/decommissioning		1,117	55,490	1,405	(1,116)	56,896
Other						0
Closing balance	**2022**	**(51,461)**	**(2,920,004)**	**(151,355)**	**(3,028)**	**(3,125,849)**

Accounted for at historic cost	**133,163**	**4,063,995**	**36,789**	**1,141**	**4,235,088**

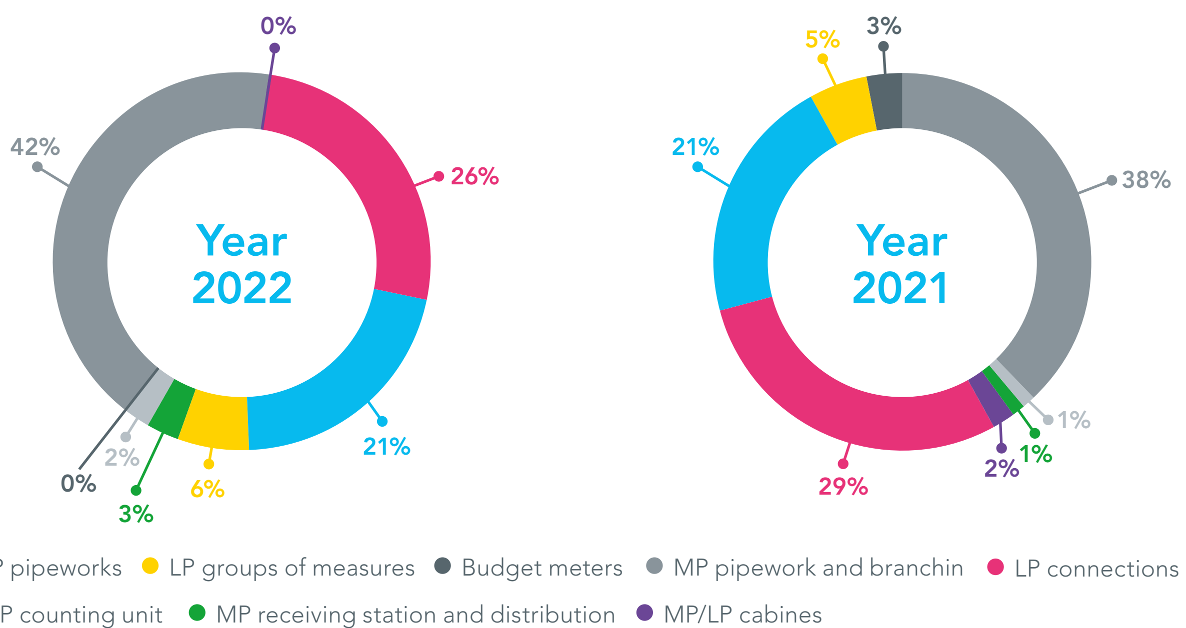
As in previous years, capital expenditure in 2022 will mainly relate to our gas and electricity distribution network, amounting to €226m out of total capital expenditure of €238m (compared with €200m relating to the distribution network out of total capital expenditure of €209m in 2021).

Investment in the distribution network during the year consisted of :

For electricity: replacement of equipment (57%) as well as network extensions and installation of new cabins (43%) for a total amount of €141m (€122m in 2021).



For gas: work to rehabilitate the network (46%) and extend the existing network (54%) for a total of €85m (€77m in 2021).



Total amounts committed to purchase tangible assets (in thousands of €)	31/12/2022	31/12/2021
Electricity distribution network	61,005	54,028
Gas distribution network	20,717	18,956
Buildings and equipments	2,376	2,456
Vehicles	691	3,837
	84,789	**79,277**

2. Tangible assets : right-of-use assets

The rights of use for tangible assets arise from leases within the scope of IFRS 16 - Leases (see accounting policy A.8). In December 2022, the detail of the rights-of-use assets is as follows:

Cost		Buildings	Optical fibre	Vehicles	Total
Opening balance	**2021**	**7,921**	**7,191**	**5,679**	**20,791**
New contracts/exercise of options		1,139	712	1,345	3,196
Termination of contracts/exercise of options			(144)	(63)	(207)
Opening balance	**2022**	**9,060**	**7,759**	**6,961**	**23,780**
New contracts/exercise of options		207		1,348	1,555
Termination of contracts/exercise of options					0
Closing balance	**2022**	**9,267**	**7,759**	**8,309**	**25,335**

Accumulated depreciation and impairment		Buildings	Optical fibre	Vehicles	Total
Opening balance	**2021**	**(3,140)**	**(1,548)**	**(2,526)**	**(7,214)**
Depreciation expenses		(972)	(654)	(1,338)	(2,964)
Opening balance	**2022**	**(4,112)**	**(2,202)**	**(3,864)**	**(10,178)**
Depreciation expenses		(938)	(657)	(1,338)	(2,933)
Closing balance	**2022**	**(5,050)**	**(2,860)**	**(5,202)**	**(13,111)**

	Buildings	Optical fibre	Vehicles	Total
Recognised at historical cost	**4,217**	**4,899**	**3,108**	**12,224**

Rights of use assets are depreciated over the shorter of the lease term or the economic life of the leased asset.

During 2022, ORES entered into new leases for buildings and vehicles. Also, in accordance with the standard, the Group has reconsidered the exercise of options to extend, renew or terminate leases in order to determine the value of the rights of use.

Note 10 – Financial assets (in thousands of €)

	Non-current		Current	
Financial assets measured at fair value through profit or loss	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Unlisted equity instruments	17	17		
Listed equity instruments - Sicav's and stock options			221,365	2,343
Derivative financial instruments	19,262	1,902		3,689
	19,279	**1,919**	**221,365**	**6,032**
Financial assets at amortised cost				
Trade receivables			122,558	239,825
Other receivables	21,389	21,340	102,666	73,963
	21,389	**21,340**	**225,224**	**313,788**
	40,668	**23,259**	**446,589**	**319,820**

Other non-current financial assets carried at fair value through profit or loss comprise derivative instruments (interest rate caps) that are not designated as hedging instruments (see note 27). The positive change in fair value is explained by the increase in short-term interest rates.

The change in other current financial assets at fair value through profit or loss is due to :

- the classification of sicav shares as other financial assets at the end of 2022 in the amount of €218.5m. The Sicav units, valued at €218.5m at the end of December, had been classified as cash and cash equivalents at the end of December 2021 in an amount of €102m. In 2022, given the behaviour of the financial markets in the face of current circumstances (rising interest rates, rising inflation, rising energy prices, the conflict in Ukraine, etc.), some financial assets were more volatile than at the end of 2021. Given that the risk of a change in fair value is no longer considered negligible, in accordance with IAS 7, ORES has classified these sicav shares as other financial assets rather than cash equivalents. It should be noted that the highly liquid nature of these shares remains relevant for 2022. It should also be noted that ORES Group's financial policy is not to hold derivatives for speculative purposes. At the level of the consolidated cash flow statement, given that we have considered the date of 30 June as the date of reclassification of the sicav shares, all movements in 2021 and 2022 have been considered as non-cash and included on a separate line entitled «effect of reclassification of sicavs as other assets» for an amount of €254.8m.

- the sale of inflation swaps during 2022 for €3.9m. The fair value of these inflation swaps at the end of 2021 was €3.7m.

The fair value of trade and other receivables is assumed to be equal to their carrying amount.

Note 11 – Trade receivables, other receivables and current tax assets (in thousands of €)

	Non-current		Current	
Other non-current assets	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Financial assets at fair value through profit or loss	19,279	1,919	221,365	5,900
	19,279	**1,919**	**221,365**	**6,032**
Other receivables				
Interim dividend			62,135	61,281
VAT			83	15
Public service obligation (PSO)	7,295	7,474	18,553	
Other	14,094	13,866	20,593	13,801
Prosumer tariff			2,070	
Write downs on other receivables			(768)	(1,135)
	21,389	**21,340**	**102,666**	**73,962**
	40,668	**23,259**	**324,031**	**79,862**
Trade receivables				
Distribution			97,846	216,908
Contract assets (Distribution)			59,382	37,500
	0	0	157,228	254,408
Public service obligation (PSO)			35,766	33,293
Contract liabilities (PSO)			(25,198)	(15,731)
	0	0	10,568	17,562
Construction contracts liabilities			(40,531)	(30,306)
Other			21,784	29,181
Write downs of trade receivables			(26,492)	(31,020)
	0	**0**	**122,557**	**239,825**
Current tax assets			**10,698**	**3,454**
	0	0	10,698	3,454
	40,668	**23,259**	**457,286**	**323,141**

For an explanation of the increase in current financial assets recognised at fair value through profit or loss, please refer to note 10.

Trade receivables decreased compared to 2021 (- €117.3m).

This can be explained by a number of factors:

- As a reminder, in 2021, following the start-up of the centralised data platform (clearing house) at the end of November 2021 (Atrias project), distribution fees had been invoiced in December for the months of November and December, which explained the high level of this item at the end of 2021. Usually, at the end of the financial year, only the invoices for December remain open, as is the case in 2022;

- At the level of contract assets relating to distribution, the increase (+€21.9m) is due to a higher RTNR this year, particularly for electricity, following an increase in allocated volumes;

- Lastly, construction contract liabilities rose by €10.2m, due to a number of major projects in progress (wind farms, installation of photovoltaic panels, etc.) for which significant payments on account were received in 2022.

Other current receivables increased by €28.7m. This is largely due to other PSO receivables (+€18.6m) relating to the amount receivable from the CREG for the specific tariff granted to certain social customers (federal protected customers - see note 01).

The increase in current tax assets (+€7.2m) is due to advance payments made this year that are too high compared with the final result of the 2022 financial year, which is lower than the previous year.

	Trade receivables		Other receivables and tax assets	
Financial assets and other receivables that are not yet impaired	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Not yet due	102,359	219,880	133,059	97,047
	102,359	**219,880**	**133,059**	**97,047**
Changes to write-downs				
At 1st January	31,021	39,608	1,135	1,003
Write-downs	6,639	7,244	210	371
Reversal of write-downs	(11,168)	(15,831)	(577)	(239)
At closing balance	**26,492**	**31,021**	**768**	**1,135**

Write-downs	**31/12/2022**	**31/12/2021**
Statement of financial position	(27,260)	(32,155)
Statement of comprehensive income	(2,900)	(8,357)

Financial assets and other receivables that are impaired Balance 31/12/2022	Write down basis	Average rate of expected credit loss	Expected loss
Up to 90 days	9,009	20%	1,816
91 to 180 days	7,705	38%	2,963
181 to 270 days	3,550	46%	1,638
271 to 360 days	1,600	54%	872
361 to 720 days	9,936	54%	5,324
> 720 days	17,352	84%	14,646
	49,152		**27,259**

Balance 31/12/2021	Write down basis	Average rate of expected credit loss	Expected loss
Up to 90 days	9,584	27%	2,602
91 to 180 days	5,360	39%	2,078
181 to 270 days	3,781	41%	1,536
271 to 360 days	2,957	50%	1,492
361 to 720 days	9,543	54%	5,141
> 720 days	22,585	85%	19,307
	53,810		**32,156**

As a reminder, in 2021, ORES reviewed its estimates of the average expected credit loss rate, considering a maximum timeframe of two years to recover the receivables. After this deadline, the receivables were considered to be entirely unrecoverable. As a result, the statistics used to determine credit loss rates are based on two financial years.

Note 12 - Inventories (in thousands of €)

	31/12/2022	31/12/2021
Raw materials and supplies	63,219	57,165
Total gross	**63,219**	**57,165**
Write downs	(3,277)	(3,676)
Reversal of write downs		
	59,942	**53,489**

Inventories recorded as expenses during the period (cost of sales)	20,941	13,951

At the end of 2022, the value of inventories increased by €6,5m in net carrying amount.

As in 2021, the increase in inventories is due, on the one hand, to an increase in the weighted average price of our items following the global increase in raw materials and inflation. On the other hand, the number of items in stock has also risen in order to cope with shortages and to ensure business growth, with a large number of projects underway and still to come.

It should be noted that the write-downs scheduled for 2021 have been updated, on the one hand, on the stock of electromechanical and budget meters, which are no longer intended to be placed on the network and which are gradually being replaced by smart meters, and, on the other hand, on very slow-moving stock, which relaes to items that have not been moved for at least five years.

Note 13 - Cash and cash equivalents (in thousands of €)

Cash and cash equivalents include the following for the purpose of the cash flow statement:	**31/12/2022**	**31/12/2021**
Shares valued at fair value	-	101,646
Cash	105,001	65,592
Short-term deposits	6,515	48,895
Total	**111,516**	**216,133**

The change in «shares valued at fair value» is due to the reclassification of the sicav as other current financial assets (see note 10).

As a reminder, in 2021, banks have several times lowered the level of liquidity that companies can hold in bank accounts. To avoid paying the negative interest charged on unauthorized overdrafts on these accounts, the Management Committee decided to subscribe to a mutual fund (sicav) enabling it to limit the company's level of liquidity with the banks. This continued during the first half of 2022.

Note 14 – Capital (in thousands of €)

1, Number of shares		ORES Assets
		Shares
Opening balance	**2021**	**66,321,987**
Contribution increase		-
Contribution repayment		-
Opening balance	**2022**	**66,321,987**
Contribution increase		-
Contribution repayment		-
Closing balance	**2022**	**66,321,987**

2, Subscribed capital (in thousands of €)		ORES Assets
		Shares
Opening balance	**2021**	**867,464**
Capital increase		-
Incorporation of legals reserves		-
Capital repayment		-
Opening balance	**2022**	**867,464**
Capital increase		-
Incorporation of legals reserves		-
Capital repayment		-
Closing balance	**2022**	**867,464**
		Of which
	Available contributions	866,931
	Non-available contributions	533

The rights and obligations attached to the shares are governed by the provisions of the Code of Local Democracy and Decentralization, by the Code of Companies and Associations, as well as by the DSO's statutes. The shares have no par value.

Following the modification of the form of the company after the entry into force of the new Companies and Associations Code, the capital of ORES Assets is now recorded as "available contributions" in the amount of €866,9m and «unavailable contribution» in the amount of €533k. These amounts are always presented as «capital» in the IFRS accounts, in order to ensure continuity.

3. Dividend per share (in thousands of €)		ORES Assets Shares
Dividends approved by the General Meeting	2021	70,917
Dividende per share		1.07

Dividends approved by the General Meeting	2022	71,658
Dividende per share		1.08

Dividends for the period approved by the General Meeting are paid in two parts by the Group: an interim dividend is first distributed during the year preceding the approval of the dividend by the General Meeting and the balance is then paid during the year of this approval.

Consequently, the amount of dividends included in the consolidated statement of cash flows is made up of:

	2022	2021
Total balance of dividends from year N-1 paid by the Group in year N (including associated withholding tax)	10,377	9,899
Total interim dividends from year N paid by the Group in year N	62,135	61,281
	72,512	**71,180**

Note 15 - Borrowings (in thousands of €)

Unsecured - Non-current	31/12/2022	31/12/2021
Bank loans	1,692,425	1,682,080
Bonds	379,016	378,971
Listed (non regulated)	279,016	278,971
Private placement	100,000	100,000
Others	5,358	5,973
	2,076,799	**2,067,024**

Unsecured - Current	31/12/2022	31/12/2021
Bank loans	194,390	218,780
Commercial papers - private investment	-	-
Bonds	6,730	6,730
Other	615	615
	201,735	**226,125**

Total financial liabilities	**2,278,534**	**2,293,149**

The €14.6m decrease in borrowings in 2022 is mainly due to the fact that the Group, on the one hand, has taken out new bank loans totalling €150m and, on the other, has repaid €165m of short-term bank loans.

Glossary of terms used to distinguish between loans

Adjustable fixed rate: a loan where the rate is fixed for a certain period longer than a year and within the debt repayment term. At the end of this period, the rate is re-viewed according to market changes.

Hedged variable rate: a loan where the rate is variable and hedged by a hedging product, such as a swap, collar or cap.

Repayments are scheduled as follows (by term and type of interest rate in thousands of €)

31/12/2022	Fixed rate	Adjustable fixed rate	Variable rate	Hedged rate	TOTAL
Within the year	141,962	264	7,178	52,331	**201,735**
>1 and <3 years	105,390	264	14,319	250,845	**370,818**
>3 and <5 years	280,534		14,283	92,988	**387,804**
>5 and <15 years	765,562		100,247	71,685	**937,494**
>15 years	365,683		15,000		**380,683**
	1,659,131	**528**	**151,026**	**467,849**	**2,278,534**

31/12/2021	Fixed rate	Adjustable fixed rate	Variable rate	Hedged rate	TOTAL
Within the year	145,644	264	25,249	54,968	**226,125**
>1 and <3 years	131,651	528	355	193,413	**325,947**
>3 and <5 years	197,419	0	284	157,221	**354,924**
>5 and <15 years	861,246	0	388	117,215	**978,849**
>15 years	407,304	0	0	0	**407,304**
	1,743,264	**792**	**26,276**	**522,817**	**2,293,149**

Repayments are scheduled as follows (by term and kind)

31/12/2022	Commercial papers	Bank loans	Bonds	Others	TOTAL
Within the year		194,390	6,730	615	**201,735**
>1 and <3 years		369,586		1,231	**370,817**
>3 and <5 years		386,573		1,231	**387,804**
>5 and <15 years		857,494	80,000		**937,494**
>15 years		78,771	299,016	2,897	**380,684**
	0	**1,886,814**	**385,746**	**5,974**	**2,278,534**

31/12/2021	Commercial papers	Bank loans	Bonds	Others	TOTAL
Within the year		218,780	6,730	615	**226,125**
>1 and <3 years		324,716		1,231	**325,947**
>3 and <5 years		353,693		1,231	**354,924**
>5 and <15 years		903,849	75,000		**978,849**
>15 years		99,822	303,971	3,511	**407,304**
	0	**1,900,860**	**385,701**	**6,588**	**2,293,149**

All borrowings are shown in Euros.

All borrowings are shown in Euros.

	Carrying amount		Borrowing				
	31/12/2022	31/12/2021	Initial amount	Maturity date (years)	Fixed/ Variable rate	Interest rate at the end of 2022	
MP 2008	26,670	31,115	88,900	7	Variable	2.29%	
KP 2008	0	5,039					
FP50 2008	121,254	154,465	346,439	7	Variable	Variable	
Bonds 2014	80,000	80,000	80,000	22	Fixed	Fixed rate 4 %	
Bonds 2015	100,000	100,000	100,000	22	Fixed	Fixed rate 3 %	
Bonds 2015	100,000	100,000	100,000	22	Fixed	Fixed rate 2.85 %	
Bonds 2021	50,000	50,000	50,000	14	Fixed	Fixed rate 1.45 %	
Bonds 2021	50,000	50,000	50, 000	19	Fixed	Fixed rate 1.5 %	
SEDILEC_1	0	5,000					
SEDILEC_2	10,740	14,320	71,600	3	Fixed	Fixed rate 1.061 %	
SEDILEC_4	6,668	8,001	26,670	5	Fixed	Fixed rate 0.55 %	
IEH_6	6,538	7,845	26,150	5	Variable	1.26%	
IGH_4	8,035	9,642	32,140	5	Variable	1.26%	
IGH_ 2006	0	5,315					
INTERLUX_2	0	5,020					
IDEG_2	5,760	7,680	38,400	3	Fixed	Fixed rate 3.5 %	
Loan from EIB 100	100,000	100,000	100,000	16	Fixed	Fixed rate 1.365 %	
Loan from EIB 150	150,000	150,000	150,000	15	Fixed	Fixed rate 1.115 %	
Loan from EIB 50	50,000	50,000	50,000	17	Fixed	Fixed rate 0.467 %	
Loan from EIB 50	50,000	50,000	50,000	17	Fixed	Fixed rate 0.467 %	
Loan from EIB 100	100,000	100,000	100,000	18	Fixed	Fixed rate 0.244 %	
Loan from EIB 100	100,000	100,000	100,000	19	Fixed	Fixed rate 0.82 %	
Loan MEC ORES 2018 - Batch 1	30,000	50,000	30,000	1	Fixed	Fxed rate 0.499 %	
Loan MEC ORES 2018 Batch 2	0	30,000					
MP ORES 2016 - Batch 1	40,000	40,000	40,000	1	Variable	0.58%	
MP ORES 2016 - Batch 2	50,000	50,000	50,000	2	Variable	0.60%	
MP ORES 2016 - Batch 3	30,000	30,000	30,000	3	Variable	0.63%	

	Hedging				
	Hedging instrument	Notional residual	Fair value	Maturity date (years)	Interest rate at the end of 2022. after hedging
	CAP 1% (1) and 0.9% (2)	26,670	(1,008)	7	2.29%
	CAP 0.8 -1%	118,768	(7,438)	7	Variable
	OPTION 1%	6,538	-407	5	1.26%
	OPTION 1%	8,035	-500	5	1.26%
	SWAP	40,000	-1,055	2	Fixed rate 0.42 %
	SWAP	50,000	-2,706	3	Fixed rate 0.54 %
	SWAP	30,000	-2,154	4	Fixed rate 0.66 %

	Carrying amount		Borrowing			
	31/12/2022	31/12/2021	Initial amount	Maturity date (years)	Fixed/ Variable rate	Interest rate at the end of 2022
MP ORES 2016 - Batch 4	30,000	30,000	30,000	3	Variable	0.54%
MP ORES 2017 - Batch 2	0	45,000				
MP ORES 2017 - Batch 3	40,000	40,000	40,000	4	Fixed	Fixed rate 1.051 %
MP ORES 2017 - Batch 4	40,000	40,000	40,000	5	Fixed	Fixed rate 1.169 %
MEC.ORES.2019- Batch 1	50,000	50,000	50,000	3	Fixed	Fixed rate 0.459 %
MEC.ORES.2019- Batch 2	40,000	40,000	40,000	4	Fixed	Fixed rate 0.524 %
MEC.ORES.2019- Batch 3	30,000	30,000	30,000	6	Fixed	Fixed rate 0.52 %
MEC.ORES.2019- Batch 4	30,000	30,000	30,000	6	Fixed	Fixed rate 0.717 %
MEC.ORES.2019-NOV	45,000	45,000	45,000	7	Fixed	Fixed rate 0.708 %
MEC.ORES.2020- Batch 1-24m	19,200	21,600	24,000	8	Fixed	Fixed rate 0.347 %
MEC.ORES.2020- Batch 2-36m	30,000	33,000	36,000	10	Fixed	Fixed rate 0.419 %
MEC.ORES.2020- Batch 3-30m	26,000	28,000	30,000	13	Fixed	Fixed rate 0.44 %
MEC.ORES.2020- Batch 4-40m	40,000	40,000	40,000	6	Fixed	Fixed rate 0.376 %
MEC.ORES.2021- Batch 1-30m	30,000	30,000	30,000	6	Fixed	Fixed rate 0.499 %
MEC.ORES.2021- Batch 2-30m	30,000	30,000	30,000	7	Fixed	Fixed rate 0.658 %
MEC.ORES.2021- Batch 3-32m	28,800	32,000	32,000	9	Fixed	Fixed rate 0.393 %
MEC.ORES.2021- Batch 4-24m	22,000	24,000	24,000	11	Fixed	Fixed rate 0.477 %
MEC.ORES.2021- Batch 5-24m	22,000	24,000	24,000	11	Fixed	Fixed rate 0.679 %
MEC.ORES.2021- Batch 6-30m	28,000	30,000	30,000	14	Fixed	Fixed rate 0.672 %
MEC.ORES.2021- Batch 7-30m	28,000	30,000	30,000	14	Fixed	Fixed rate 0.698 %
ORES Degroof 25m_31.03.2021	0	25,000				
MEC.ORES.2022- Batch 3-30m	15,000	0	15,000	8	Variable	2.72%
MEC.ORES.2022- Batch 3-30m	15,000	0	15,000	8	Variable	2.82%
MEC.ORES.2022- Batch 4bis-30m	30,000	0	30,000	15	Variable	2.82%
MEC.ORES.2022 - Batch 4-30m	15,000	0	15,000	15	Variable	2.61%
MEC.ORES.2022- Batch 4-30m	15,000	0	15,000	15	Variable	2.71%
MEC.ORES.2022- Batch 5bis-30m	30,000	0	30,000	20	Variable	2.81%
MEC.ORES.2022- Batch 5-30m	15,000	0	15,000	20	Variable	2.71%
MEC.ORES.2022- Batch 5-30m	15,000	0	15,000	20	Variable	2.81%

The Group's traditional bank loan contracts, with the exception of the EIB loan, are not subject to specific covenants (ratios, etc.). The EIB loan is subject to 3 ratios based on the consolidated accounts drawn up under Belgian GAAP (BGAAP):

- EBITDA/debt service equal to or greater than 1.3 ;
- net debt/equity less than or equal to 1.5;
- equity/consolidated balance sheet total greater than or equal to 0.3.

Hedging				
Hedging instrument	Notional residual	Fair value	Maturity date (years)	Interest rate at the end of 2022. after hedging
CAP 1% (1) and 0.9% (2)	30,000	(117)	3	

These three ratios were respected by the Group at the end of 2022.

For bonds, the Group must maintain a ratio of 30% equity in relation to the balance sheet total, both in terms of the ORES Assets statutory balance sheet and the consolidated Belgian standard balance sheet. This ratio is an integral part of ORES Assets' articles of association (see capital management in note 30).

Note 16 – Other financial liabilities (in thousands of €)

	Non-current		Current	
Financial liabilities measured at fair value through the profit and loss statement	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Derivative instruments - swaps		3,242		
	0	**3,242**	**0**	**0**
Financial liabilities measured at amortised cost (excluding borrowings)				
Trade payables			164,088	181,065
Lease liabilities	8,478	11,023	3,960	2,700
Other payables	2,737	1,921	188,574	163,983
	11,214	**12,944**	**356,623**	**347,748**
	11,214	**16,186**	**356,623**	**347,748**

Trade payables

The fair value of trade payables corresponds to their carrying amount.

	31/12/2022	31/12/2021
Average credit period for trade payables (days)	50	50

Note 17 - Other payables and other liabilities (in thousands of €)

	Carrying amount	
	31/12/2022	**31/12/2021**
Social security and other taxes	26,814	33,659
Short-term employee benefits and associated provisions	42,878	39,231
Accrued charges	6,766	76
Deferred revenue	696	908
Derivative instruments - swaps		3,242
Lease liabilities	12,438	13,722
Other	71,521	95,378
	161,114	**186,216**
Of which: non-current	11,214	16,186
Of which: current	149,900	170,030

The reduction in «social security and other taxes» is largely due to the balance of VAT payable, which is lower this year (€8.5m) than in 2021 (€17.3m).

Accrued charges relate to the gas road fee payable to the Walloon Region, which will be paid in early 2023. These are usually paid before the end of the year.

Concerning the decrease in the "Other" heading of €23.9m, it is due to the consumption of the substantial advances received from the Federal State and the Walloon Region at the end of 2021 linked to the grants to customers through the DSO (prosumer tariff, energy crisis aid, etc.).

For a more detailed explanation of provisions for pensions and short-term employee benefits, which are also an integral part of this heading, see notes 19 and 20. For a more detailed explanation of derivatives, see note 27. Additional information on lease obligations is provided in note 21.

Note 18 - Provisions (in thousands of €)

	31/12/2022	31/12/2021
Environmental remediation	3,619	3,619
Other	74,958	23,380
	78,577	**26,999**
Of which: current		
Of which: non-current	78,577	26,999

Changes in provisions (excluding employee benefits) 2022	Environmental remediation	Other	Total
As at 1 January	3,619	23,380	**26,999**
Additional provisions recognised		54,147	**54,147**
Total used during the financial year		(1,814)	**(1,814)**
Total reversed during the financial year		(755)	**(755)**
Transfers			**0**
At the end of the year	**3,619**	**74,958**	**78,577**
Of which: current			**0**
Of which: non-current	3,619	74,958	**78,577**

Changes to provisions (excluding employee benefits) 2021	Environmental remediation	Other	Total
As at 1 January	3,789	46,362	**50,151**
Additional provisions recognised		4,023	**4,023**
Total used during the financial year		(957)	**(957)**
Total reversed during the financial year	(170)	(26,048)	**(26,218)**
Transfers			**0**
At the end of the year	**3,619**	**23,380**	**26,999**
Of which: current			**0**
Of which: non-current	3,619	23,380	**26,999**

Provisions are recognised when the Group has a present obligation (legal or implicit) as a result of a past event and it is probable that the Group will be required to settle the obligation, of which, furthermore, the total should be estimated reliably.

Environmental remediation

The implementation of the Decree of 5 December 2008 on soil management (Soil Decree) could justify certain expenses related to the remediation of certain polluted sites. In this context, the Group takes appropriate measures to prevent soil pollution and to provide information on the existence of pollution. Provisions are made in this respect.

Five sites were the subject of an orientation study in 2012, which demonstrated the existence of pollution exceeding the thresholds set by the Soil Decree. In application of article five of this decree, the Group notified the administration and the municipalities concerned of this pollution and accounted for provisions based on the estimates established by the independent expert in charge of the above-mentioned study.

In 2022, no new study has been carried out by the Group, but this is planned for 2023.

Other

The Group's activities also expose it to legal risks. Provisions for litigation are therefore regularly updated in consultation with the Group's legal department. The provisions set aside correspond to the best estimate of the outflow of resources considered probable by the Group.

These provisions mainly concern disputes with suppliers (head office, information system for smart metering, etc.).

As a reminder, since 2015, provisions have also been set aside to meet regulatory obligations. A decree published by the Walloon Government requires us to vectorise network maps. The Impétrants decree of 2009, which was adapted in November 2013, and the implementation of the POWALCO platform by the Walloon Region therefore require the network to be vectorised, i.e. the transformation of paper diagrams into computerised diagrams within 10 years. In 2022, the budget for this vectorisation work has been updated, leading to a €0.4m reversal of the provision.

The year 2022 was marked above all by the rise in energy prices, particularly in the context of the purchases of losses that the Group will have to make to meet its public service obligations next year (2023). In accordance with the Electricity Decree of 12 April 2001, the grid operator is responsible for purchasing energy to cover losses in accordance with transparent and non-discriminatory procedures, giving priority to green electricity where this does not give rise to additional costs. The purchases necessary to cover losses are subject to the principles of the regulations on public procurement and the contractual provisions arising from the public procurement contracts awarded.

The provision of €49.8m set aside at 31 December 2022 represents the loss that the company expects to incur on the volumes purchased in 2023 to cover its losses and supply its social customers with electricity, i.e. the difference between the maximum purchase price authorised by the regulator and the actual purchase price that ORES Assets will face during 2023 and set at the end of 2022 (exceeding the upper limit of the corridor authorised by CWaPE in the 2019-2023 tariff methodology).

The other major development under this heading relates to the taxation arising from a Walloon Government decree of 5 July 2018 on excavated earth, which came into force in 2021 (AGW Excavated Earth) and for which an increase in the 2021 provision was made in the amount of €3.9m, while a use of €1m and a reversal of €0.2m were also recorded in connection with this matter.

Note 19 - Employee benefits – General (in thousands of €)

Statement of financial position	31/12/2022	31/12/2021
Non-current		
Pension Benefits – funded plans	(201,931)	(245,322)
Pension Benefits – unfunded plans	4,188	7,263
Other post-employment benefits	71,677	81,562
Other long-term benefits	28,255	31,200
	(97,811)	**(125,297)**
Effect of the asset ceiling	192,361	219,545
	94,550	**94,248**
Current	42,878	39,231
Remunerations and bonuses	**42,878**	**39,231**
	137,428	**133,497**

Statement of comprehensive income	31/12/2022	31/12/2021
Salaries	176,235	159,522
Social security contributions	42,143	39,042
Pension expenses and other long-term benefits	10,335	12,971
Other social expenses	15,789	16,479
Of which included in the cost of intangible and tangible assets	(83,134)	(80,189)
	161,368	**147,825**

Average number of personnel	31/12/2022	31/12/2021
Employees - total full-time equivalents	2,691	2,569

A description of the employee benefits is included in the accounting policies (see point 3.A.11).

The other long-term benefits mainly include the jubilee bonuses granted to executives and salary-scaled employees.

Post-employment benefits mainly include tariff benefits and healthcare benefits granted to employees after retirement.

Note 20 - Employee benefits – Defined benefit plans (in thousands of €)

Description of the plans

Defined benefit plans covered by hedging assets (funded plans)

1. Pensiobel/Elgabel

Various basic defined benefit pension plans exist within ORES. These are the Pensiobel and Elgabel pension plans, subscribed to for the benefit of employees hired before 1 January 2002 (Elgabel), as well as for the benefit of managerial and executive employees hired before 1 May 1999 (Pensiobel), benefiting from the Gas and Electricity status. The pension capital that will be paid to workers depends largely on the number of years and months of service completed within the employment contract at the legal retirement age and the salary of the employee at retirement age. In the event of the staff member's death before retirement, a death benefit will be paid to the staff member's heirs and an annual pension to each child of the staff member under 25 years of age. These commitments are included in the «funded plans» section.

Following the publication of the law of 18 December 2015 amending the law on supplementary pensions and the prohibition of provisions that encourage early retirement, the Elgabel pension plan was amended with effect from 1 January 2022 by the CLA (Collective Labour Agreement) of 1 October 2020. The sectoral plan was transformed into a company plan on 1 January 2022, and the solidarity fund was wound up.

2. Powerbel/Enerbel

Two other pension plans, previously considered as defined contribution, also exist within ORES. One is for management and executive staff hired on or after 1 May 1999 or who opted for this scheme on 1 January 2007 or 1 January 2015 (Powerbel). The other is for staff hired on or after 1 January 2002 (Enerbel).

Following the change to the law on supplementary pensions (L.P.C. 28/4/2003 - Art. 24) which came into force on 1 January 2016 and which now requires the same minimum rate of return to be guaranteed on employer and personal contributions (new formula based on the Belgian OLO rate with a minimum threshold set at 1.75% and a maximum threshold set at 3.75%), ORES initiated a review which led to the Powerbel and Enerbel pension plans being accounted for as defined benefit plans from 1 January 2016. These two plans, which provide retirement capital determined by the amount of premiums paid and the return attributed to them, are described below.

Enerbel

The personal contribution payable by the employee is determined on the basis of a tiered rate. It is equal to 0.875% of the part of the remuneration below a fixed ceiling, increased by 2.625% of the part of the remuneration exceeding this ceiling. This contribution is deducted monthly from the employee's salary.

The amount of the employer's pension contributions, including taxes, is:

For employees with less than 5 years of seniority:

- 2.7563% of the part of the annual reference pay T on 1 January not exceeding the pay ceiling T1 ;
- 8.2688% of the part of this same remuneration T exceeding this ceiling.

For workers with at least 5 and less than 10 years of seniority:

- 2.8941% of the part of the annual reference pay T on 1 January not exceeding the T1 pay ceiling;
- 8.6822% of the part of this same remuneration T exceeding this ceiling.

For workers with at least 10 years of seniority:

- 3.0319% of the part of the annual reference pay T on 1 January not exceeding the T1 pay ceiling;

• 9.0957% of the part of this same remuneration T exceeding this ceiling.

Powerbel

The personal contribution payable by the employee is determined on the basis of a tiered rate. It is equal to 0% of the part of the remuneration below a fixed ceiling, increased by 3% of the part of the remuneration exceeding this ceiling. This contribution is deducted monthly from the employee's salary. The employer's contribution is equal to 3% of the part of the remuneration below a fixed ceiling, increased by 20% of the part of the remuneration exceeding this ceiling.

Since 2016 (without retroactive effect), the «Projected Unit Credit Method» (PUC - without projection of future premiums) has been applied, as recommended by IAS 19, to account for these two pension plans. They are included under «Funded plans».

The Enerbel and Powerbel pension plans expose the employer to investment risk because, as mentioned above, since 1 January 2016, legislation has required this type of plan to guarantee the same minimum rate of return on employer and personal contributions (based on the Belgian OLO rate with a minimum threshold set at 1.75% and a maximum threshold set at 3.75%).

Until 30 June 2016 (Enerbel) and 30 October 2016 (Powerbel), employee contributions were paid into a group insurance scheme (Contassur S.A. - branch 21 - deferred capital without repayment). Since then, like the employers' contributions, they have been paid into a pension fund that no longer offers any guarantee of a minimum return. Following this change, the reserves accumulated in individual group insurance contracts have also been transferred to the pension fund at a guaranteed rate of 3.25%.

It should also be noted that since 1 January 2017, the insurance company Contassur S.A. has changed its guaranteed interest rate to 0% for level annual premiums and 0.5% for successive single premiums.

3. Defined contribution plans financed under branch 21

Since 31/12/2021, the IAS19 valuations of ORES and Comnexio have also taken into account the defined contribution plans fully funded in branch 21 with the insurance company Contassur S.A.. These plans also benefit from the statutory minimum guarantee provided for in the Supplementary Pensions Act. They are therefore also considered as defined benefit plans.

4. Overheads scheme

This Elgabel scheme, which has been closed to new members since 1 January 1993, is designed to provide a life annuity at retirement age amounting to 75% of final salary for a full career, after deduction of the statutory parity pension. In the event of death, 60% of the pension is reversible in favour of the surviving spouse. For orphans, the pension is set at 15% of the retirement pension or 25% for orphans of both parents (maximum three orphans). This scheme was outsourced on 1 January 2007 in the form of payments made to the OFP Elgabel; it should be noted that for employees benefiting from this scheme and still active on 1 January 2007, technical provisions have been set aside for the career after this date in the OFP Elgabel, in accordance with the law.

Following the publication of the law of 18 December 2015 amending the law on supplementary pensions and the prohibition of provisions encouraging early retirement, the overheads pension plan was amended with effect from 1 January 2022 by the CLA (Collective Labour Agreement) of 23 December 2021 and becomes a company plan from that date.

5. Cash Balance Plus plan in CPTBL

This plan provides for the payment of a lump sum on the date of retirement corresponding to the amount in the member's individual account.

This capital is made up of :

- contributions paid, capitalised at a guaranteed rate equal to the LPC rate + 0.25% (at 31/12/2022, this rate is 1.75% + 0.25% = 2%), to which an additional return may be attributed;

- reserves transferred from group insurance no. 2970 with the insurance company Contassur S.A., which are capitalised at a guaranteed fixed rate of 3.25%.

As a result of these guaranteed returns, the plan is considered to be a defined benefit plan.

Comnexio staff with managerial or employee status hired on or after 1 June 2019 are affiliated to this plan from the date of their entry into service.

Staff members who transferred from N-ALLO on 1 June 2019 are also covered.

The annual contribution is payable by the employer and is set at :

- 3.50% of the part of the reference annual remuneration not exceeding the remuneration ceiling

plus

- 5.50% of the part of the same remuneration exceeding this ceiling.

At 1 January 2019, the remuneration ceiling is set at €53,949.61 and is indexed annually on 1 January in line with changes in the health index.

Statement of financial position

	31/12/2022	31/12/2021
Present value of the defined benefit obligations/funded plans	276,222	314,635
Plan assets	(478,288)	(559,957)
Deficit / (surplus)	**(202,066)**	**(245,322)**
Present value of the other long term benefit obligations	29,074	31,200
Plan assets of the other long term benefits	(819)	
Deficit / (surplus)	**28,255**	**31,200**
Present value of the defined benefit obligations/ unfunded plan	**75,865**	**88,825**
Effect of the asset ceiling	192,361	219,545
Net liability arising from defined benefit obligation	**94,415**	**94,248**

Reimbursement rights	**(449)**	**(983)**

Statement of comprehensive income

	31/12/2022	31/12/2021
Service cost		
Cost of services provided for defined benefits	14,052	14,237
Cost of past services provided for defined benefits (net impact Master plan)		
Cost of services provided for other long-term benefits	2,054	1,939
	16,107	**16,176**

	31/12/2022	31/12/2021
Net interest on the net defined benefit liability/(asset)		
Interest cost on the defined benefit obligation	2,888	1,342
Interest income on plan assets	(3,020)	(1,142)
Interest on the effect of the asset ceiling	1,076	201
	944	**401**

	31/12/2022	31/12/2021
Net interest on other long-term benefit liability (asset)		
Interest cost on other long-term benefit obligation	168	55
Interest income on plan assets on other long-term benefits	(2,736)	(6,128)
	(2,568)	**(6,073)**
(Income)/expenses recorded in the profit and loss statement in relation to defined benefit plans and other long-term benefits	**14,482**	**10,504**

The increase in income recognised in the income statement is mainly due to the increase in net interest on liabilities (assets) as a result of the change in the discount rate. In addition, the decrease in actuarial gains arising from long-term benefit obligations further increases the amount of income recognised.

Remeasurement of the net defined benefit liability / (asset) and other long-term benefits recognised in other comprehensive income (OCI)

Actuarial (gains)/losses on defined benefit obligation arising from:	31/12/2022	31/12/2021
i) Changes in demographic assumptions	(63)	(5,276)
ii) Changes in financial assumptions	(52,009)	(33,526)
iii) Experience adjustments	10,610	(266)
(iv) Subtotal	**(41,462)**	**(39,068)**
i) Return on plan assets excluding interest income on plan assets	69,312	(36,947)
ii) Changes in financial assumptions	-	-
iii) Change in the effect of the asset ceiling excluding associated interests	(28,125)	101,307
(iv) Subtotal	**41,187**	**64,360**
(Income)/expenses for defined benefit plans	**(275)**	**25,292**

The change in the effect of the asset ceiling is consistent with the changes in financial assumptions in the period to 2022.

This result on actuarial gains and losses on defined benefit plans is mainly due to the significant increase in discount rates and the change in the asset ceiling effect.

Changes in the present value of defined benefit obligations:	31/12/2022	31/12/2021
Opening balance	**403,460**	**450,649**
Current service cost	14,052	14,237
Past service cost (Master plan impact)		
Interest cost	2,888	1,342
Contributions from plan participants	1,116	1,114
Actuarial (gains)/losses arising from:		
i) changes in demographic assumptions	(63)	(5,276)
ii) changes in financial assumptions	(52,009)	(33,526)
iii) experience adjustments	10,610	(266)
Acquisitions/disposals		27
Benefits paid	(27,967)	(24,841)
Other		
Present value of the defined benefit obligations/funded plans taken over from Comnexio		
Closing balance	**352,087**	**403,460**

Changes in the fair value of the plan assets were as follows:	31/12/2022	31/12/2021
Opening balance	**559,957**	**536,219**
Interest income on plan assets	3,020	1,142
Return on plan assets excluding interest income on plan assets	(71,702)	30,694
Actuarial gaps	2,390	6,253
Contributions from employer	6,331	5,691
Contributions from plan participants	1,116	1,114
Benefits paid	(22,823)	(21,173)
Acquisitions/disposals		17
Plan assets taken over from Comnexio		
Other assets taken over (Master plan impact)		
Closing balance	**478,288**	**559,957**

	31/12/2022	31/12/2021
Actual return on plan assets	**(68,682)**	**31,836**

Main actuarial assumptions used: for ORES	31/12/2022	31/12/2021
Discount rate on pension plans related to old contracts	3.13%	0.49%
Discount rate on pension plans related to new contracts	3.11%	0.97%
Discount rate on tariff and healthcare benefits	3.09%	0.95%
Expected rate of salary increase - old conditions (excluding inflation)	1.1% - 3.1%	0.55%-0.72%
Expected rate of salary increase - new conditions (excluding inflation)	1.3% - 3%	2.49%-2.54%
Turnover rate of old contracts	0.75%	1.40%
Turnover rate of new contracts	2.00%	1.70%
Medical cost increase (excluding inflation)	1.00%	1.00%
Increase in the average cost relating to tariff reductions	1.60%	1.00%
Inflation rate	2.00%	1.00%
Average retirement rate for old conditions	63 years	63 years
Average retirement rate for new conditions	65 years	65 years
Mortality table used for active employees	IA/BE prospective table	
Mortality table used for non-active employees	IA/BE prospective table	
Life expectancy in years of a pensioner retiring at age 65 :		
For a person aged 65 at closing date:		
- Male	20.3	20.2
- Female	24.0	23.9
For a person aged 65 in 20 years:		
- Male	22.6	22.5
- Female	26.1	26.0

Main actuarial assumptions used: for Comnexio	31/12/2022	31/12/2021
Discount rate on pension plans	2.36%	1.01%
Expected rate of salaries increase (excluding inflation)	1.76%	0.00%
Medical cost increase (excluding inflation)	1.60%	1.00%
Turnover rate	4.00%	4.00%
Inflation rate	2.00%	1.00%
Average retirement rate	65 years	65 years
Mortality table used for active employees	IA/BE prospective table	
Life expectancy in years of a pensioner retiring at age 65 :		
For a person aged 65 at closing date:		
- Male	20.3	20.2
- Female	24.0	23.9
For a person aged 65 in 20 years:		
- Male	22.6	22.5
- Female	26.1	26.0

Breakdown of defined benefit obligation by type of benefits:	Defined benefit obligation	
	31/12/2022	31/12/2021
Retirement or death benefits	280,410	321,898
Other post-employment benefits (medical and tariff reductions)	71,677	81,562
	352,087	**403,460**

Major categories of plan assets:	Fair value of plan assets	
	31/12/2022	31/12/2021
With a quoted market price in an active market	**448,482**	**445,614**
Shares (Eurozone)	66,193	91,733
Shares (Outside Eurozone)	76,816	119,468
Government bonds (Eurozone)	675	759
Other bonds (Eurozone)	132,611	147,430
Other bonds (Outside Eurozone)	172,187	86,224
With a no quoted market price in an active market	**30,625**	**114,343**
Cash and cash equivalents	19,161	18,940
Real property	7,529	13,814
Other	3,935	81,589
	479,107	**559,957**

Sensitivity analysis for each significant actuarial assumption on defined benefit obligation	Impact on the defined benefit obligation	
	31/12/2022	31/12/2021
Discount rate plus 0,25%	(66,015)	(7,633)
Salary increase plus 0,1%	(111,339)	77,245
Medical cost increase plus 1%	385,937	2,163
Increase of average cost of tariff reductions plus 0,50%	392,653	7,947
Inflation plus 0,25%	84,180	23,591
1 year age correction to mortality tables	(80,645)	40,382

Weighted average duration of the defined benefit obligation related to old contracts and other long-term benefits	8	8
Weighted average duration of the defined benefit obligation related to new contracts	20	20
Weighted average duration of the defined benefit obligation related to other long term benefits and other post-employment benefits	13	13

Expected contributions during the next period for defined benefit plans related to old contracts	380	462
Expected contributions during the next period for defined benefit plans related to new contracts	4,849	4,575

Each year, the discount rate used to calculate the pension obligations with regard to the minimum funding requirements is aligned with the rate defined by the IFRS standard based on high quality corporate bonds, depending on the duration commitments.

Most beneficiaries contribute to the funding of pension plans by paying a personal contribution (progressive rate formula (a%t1 + b%t2)) deducted monthly from their remuneration.

Defined-benefit pension plans are also financed by the employer via a recurring allowance expressed as a percentage of the total remuneration of affiliates. This percentage is defined using the aggregate cost method and is reviewed annually.

This method involves spreading future costs over the remaining period of the plan. The costs are estimated on the basis of projections taking into account, in particular, the evolution of wages and inflation. The assumptions relating to salary increase, inflation, staff turnover and retirement age are defined on the basis of statistics available to the company in order to provide a good estimate of the long term future. The discount rate is defined with regard to the company's investment strategy. All these assumptions are regularly reviewed.

It should also be noted that the effect of the asset ceiling has increased this year, resulting in a decrease in the net liability arising from the defined benefit obligation.

Certain exceptional events such as modification of a plan, change of assumptions, too low a degree of coverage, etc. may give rise to exceptional payments from the sponsor, which is not the case in 2022.

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Description of the risks faced by defined pension plans

Defined pension plans expose the company to actuarial risks such as investment, interest rate, longevity and salary risk.

Investment risk

The current value of a defined benefit plan's liabilities is calculated using a discount rate determined by referring to companies' high-yield bonds. If the rate of return for the plan assets is lower than the discount rate, this will result in a plan deficit. As far as we are concerned, investments are well diversified and well balanced (see table below).

Due to the long-term nature of the plan's liabilities, the pension fund's Board of Directors considers it appropriate that some of the plan assets should be invested in shares in order to generate leverage and improve the fund's performance.

Interest rate risk

A reduction in the bond interest rate will increase the plan's liabilities. However, this will be partially offset by an increase in the return on the plan's bond investments.

Longevity risk

The current value of the defined benefit plan's liabilities is calculated with reference to the best estimate of the mortality of plan participants, both during their employment contract, and also after their retirement. An increase in the life expectancy of plan participants will result in an increase in the plan's liabilities.

Since 2015, the Group has used new prospective mortality tables put together by the Actuaries Institute in Belgium ("Institut des Actuaires en Belgique" IA/BE).

Salary risk

The current value of the defined benefit plan's liabilities is calculated with reference to the future salary of the plan participants. If this goes up, this will result in an increase in the plan's liabilities.

Note 21 - Lease contracts (lessee) (in thousands of €)

Lease liabilities

		Buildings	Optical fibre	Vehicles	Total
Opening balance	**2021**	**4,680**	**5,732**	**3,182**	**13,594**
Interest expense on lease contracts		95	120	126	**340**
Lease payments		(1,010)	(740)	(1,451)	**(3,201)**
New contracts/exercise of options		1,139	712	1,345	**3,196**
Termination of contracts			(144)	(63)	**(207)**
Closing balance	**2021**	**4,903**	**5,680**	**3,139**	**13,722**
Interest expense on lease contracts		84	108	131	**323**
Lease payments		(958)	(740)	(1,464)	**(3,162)**
New contracts/exercise of options		207		1,447	**1,654**
Termination of contracts/exercise of option				(99)	**(99)**
Closing balance	**2022**	**4,236**	**5,048**	**3,154**	**12,438**

The lease liabilities mainly relates to the following assets :

- lease of office buildings;
- leases of vehicles for executives and management;
- fees paid for the use of optical fibres.

The corresponding assets (rights of use) are detailed in note 09.

IFRS 16 - Leases specifies the definition of a lease and offers certain options. Consequently, the lease obligation does not cover :

- royalties paid for IT licences or services, which are outside the scope of the standard ;
- lease payments for low-value assets and short-term contracts that ORES has decided to exclude as permitted by the standard. This mainly concerns IT contracts (hadrware such as laptops, printers, etc.).

Options included in the contracts that were exercised by ORES during the year were recognised as an increase in the lease obligation (and an increase in the corresponding assets).

Expenses recorded for contracts that do not fall within the scope of the standard and which are recognised directly in the income statement (and not as a lease obligation) are detailed in note 04.

The maturity of principal lease payments is as follows:

1. Discounted amounts as recorded in the statement of financial position :

31/12/2022	Buildings	Optical fibre	Vehicles	Total
Within the year	2,109	644	1,207	**3,960**
>2 and <5 years	1,507	2,702	1,947	**6,156**
>5 years	620	1,702		**2,322**
	4,236	**5,048**	**3,154**	**12,438**

31/12/2021	Buildings	Optical fibre	Vehicles	Total
Within the year	861	632	1,207	**2,700**
>2 and <5 years	3,305	2,651	1,920	**7,876**
>5 years	737	2,397	12	**3,146**
	4,903	**5,680**	**3,139**	**13,722**

2. Future cash outflows - lease payments maturity (including interest)::

31/12/2022	Buildings	Optical fibre	Vehicles	Total
Within the year	2,163	740	1,312	**4,215**
>2 and <5 years	1,600	2,960	2,055	**6,615**
>5 years	960	1,775		**2,735**
	4,723	**5,475**	**3,367**	**13,565**

31/12/2021	Buildings	Optical fibre	Vehicles	Total
Within the year	943	740	1,309	**2,992**
>2 and <5 years	3,431	2,960	2,022	**8,413**
>5 years	1,090	2,515	12	**3,617**
	5,464	**6,215**	**3,343**	**15,022**

Note 22 - Current taxes (in thousands of €)

1. Tax expenses recorded in the profit or (loss) statement

	31/12/2022	31/12/2021
Current income tax expense in respect of the period	48,912	66,270
Adjustments recognised in the current period in relation to the current tax of prior years	(12,553)	14,053
Tax payable on interests received	31	15
Current tax expense (income)	**36,390**	**80,338**
Deferred tax expense (income) relating to recognition and reversal of temporary differences	(4,331)	(2,989)
Deferred tax expense (income)	**(4,331)**	**(2,989)**
Total tax expenses recorded in profit or (loss)	**32,059**	**77,349**

The adjustment of -€12.6m recognised during the year in respect of current tax for prior periods relates to a tax adjustment receivable following the tax advice in favour of the Group received at the end of 2022 and relating to the tax audit for the 2018 financial year. As a reminder, in 2021, ORES and ORES Assets were forced to bear an additional amount of tax following a tax audit relating to the 2018 financial year in the amount of €14m. The Group's objections were largely accepted by the tax authorities, generating this tax income receivable in 2023.

In terms of deferred tax, the income recognised results mainly from the amortisation of the revaluation surplus, while other deferred tax income and expenses relating to other balance sheet items offset each other overall (see note 23).

2. Reconciliation of the actual tax rate with the theoretical tax rate:

	31/12/2022	31/12/2021
Profit or (loss) before taxes	121,092	271,603
Tax rate applicable in Belgium	25.00%	25.00%
Theoretical tax liability	**30,273**	**67,901**
Adjustments:		
Tax on non-deductible expenses	14,372	1,956
Tax on non-taxable products		(6,521)
(Income) arising from deduction for investment	(39)	(30)
Tax credit linked to tax shelter	(25)	(25)
Tax payable on interest received	31	15
	14,339	**(4,605)**
Taxes related to previous period	**(12,553)**	**14,053**
Total tax during the period	**32,059**	**77,349**
Average effective rate	26.47%	28.48%

The increase in disallowed expenses is explained by the fact that the energy provision of almost €50m was considered taxable.

It should be noted that the Group once again benefited from a tax credit (€25k) linked to the tax shelter by participating in the production of two Belgian audiovisual works produced in 2022-2023.

3. Tax expense recorded under other comprehensive income:

	31/12/2022	31/12/2021
Deferred tax expense (income) on fair value of hedging instruments entered into for cash flow hedges	2,315	692
Deferred tax expense (income) on defined benefit pension plans	69	(6,323)
Deferred tax charge (income) on revaluation surplus	1,722	
	4,106	**(5,631)**
Total income tax in other comprehensive income	**4,106**	**(5,631)**

As a reminder, deferred tax arising from temporary differences on assets or liabilities whose movements are recognised in «other comprehensive income» has also been recorded under this heading, as required by IAS 12 - Income Taxes.

The expense of €4,1m is generated, on one hand, by the amortisation of the revaluation gain and, on the other hand, by the income recognised in 2022 on our derivatives following the increase in their fair value (see note 27) linked to the rise in interest rates.

Note 23 – Deferred taxes (in thousands of €)

1. Overview of deferred tax assets and liabilities by type of temporary difference

	Assets		Liabilities		Net	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Intangible assets			(9,451)	(8,791)	(9,451)	(8,791)
Tangible assets			(73,249)	(75,436)	(73,249)	(75,436)
Tangible assets – revaluation			(181,514)	(184,984)	(181,514)	(184,984)
Tangible assets – lease			(3,056)	(3,400)	(3,056)	(3,400)
Other non-current assets			(1,881)	(475)	(1,881)	(475)
Trade and other receivables	1,567	1,584			1,567	1,584
Other current asset	2,800	3,959		(923)	2,800	3,036
Cash		33				33
Borrowings			(247)	(257)	(247)	(257)
Provisions for employee benefits	23,637	23,562			23,637	23,562
Other provisions						
Other non-current liabilities	615	4,241			615	4,241
Other current liabilities			(581)	(697)	(581)	(697)
Total temporary differences	**28,619**	**33,379**	**(269,979)**	**(274,963)**	**(241,360)**	**(241,584)**

Deferred tax assets (liabilities)	**28,619**	**33,379**	**(269,979)**	**(274,963)**	**(241,360)**	**(241,584)**
Compensation	(28,619)	(33,379)	28,619	33,379	0	0
Total net	**0**	**0**	**(241,360)**	**(241,584)**	**(241,360)**	**(241,584)**

2. Changes recorded in the deferred tax balances

	Opening balance	Recorded in the profit or (loss) statement	Recorded under other comprehensive income	Closing balance
Temporary differences				
Intangible assets	(8,791)	(661)		(9,452)
Tangible assets	(75,436)	2,187		(73,249)
Tangible assets - revaluation	(184,984)	5,192	(1,722)	(181,514)
Tangible assets - leases	(3,400)	345		(3,055)
Other non-current assets	(475)	(1,406)		(1,881)
Trade and other receivables	1,584	(17)		1,567
Other current assets	3,036	(236)		2,800
Cash	33	(33)		0
Borrowings	(257)	10		(247)
Provisions for employee benefits	23,562	144	(69)	23,637
Other non-current liabilities	4,241	(1,311)	(2,315)	615
Other current liabilities	(697)	116		(581)
	(241,584)	**4,330**	**(4,106)**	**(241,360)**

3. Deferred taxes recorded in the consolidated statement of financial position

	31/12/2022	31/12/2021
Deferred tax assets		
Deferred tax liabilities	(241,360)	(241,584)
	(241,360)	**(241,584)**

Note 24 - Subsidiaries

Summary of subsidiaries

	Country of incorporation	Percentage of capital owned	Percentage of voting rights held	Report date	Main activity
ORES	Belgium	99.72 %	99.72 %	December	Operational and day-to-day management of ORES Assets
Comnexio	Belgium	93.00 %	93.00 %	December	Contact center

ORES' shareholding is made up as follows

	% shareholding 2022	Number of shares 2022	% shareholding 2021	Number of shares 2021
ORES Assets	99.72%	2,453	99.72%	2,453
Idefin	0.04%	1	0.04%	1
CENEO	0.04%	1	0.04%	1
Finest	0.04%	1	0.04%	1
Sofilux	0.04%	1	0.04%	1
Finimo	0.04%	1	0.04%	1
IPFBW	0.04%	1	0.04%	1
IEG	0.04%	1	0.04%	1
	100.00%	**2,460**	**100.00%**	**2,460**

Comnexio's shareholding is made up as follows

	% shareholding 2022	Number of shares 2022	% shareholding 2021	Number of shares 2021
ORES Assets	93.00%	93	93.00%	93
Idefin	1.00%	1	1.00%	1
CENEO	1.00%	1	1.00%	1
Finest	1.00%	1	1.00%	1
Sofilux	1.00%	1	1.00%	1
Finimo	1.00%	1	1.00%	1
IPFBW	1.00%	1	1.00%	1
IEG	1.00%	1	1.00%	1
	100.00%	**100**	**100.00%**	**100**

In 2013, at the creation of ORES Assets, the seven former intercommunal companies each transferred one share of ORES to the intercommunal pure financing entities (IPF) and one share to RESA (formerly Tecteo). This resulted in the recognition of a non-controlling interest of €31k in the IFRS consolidated accounts.

In 2017, following RESA's full takeover of the network management activities for the centre of Liege, the share held by RESA was sold to ORES Assets, thus decreasing the non-controlling interests by €4k.

In 2019, ORES Assets created the company Comnexio, in partnership with IPFs. Seven of the one hundred shares in Comnexio are held by seven IPFs, resulting in the recognition of a non-controlling interest of €53k in the IFRS consolidated accounts.

There is no entity in which more than 50% of the voting rights are held but which are not consolidated.

There is no entity in which less than 50% of the voting rights are held that are consolidated.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the parent company in the form of cash dividends or repayment of loans and advances.

Note 25 - Investments in associates (in thousands of €)

	Country of incorporation	Percentage of capital owned	Percentage of voting rights held	Fair value of the investment in associates	Main activity
Atrias	Belgium	16.67%	16.67%	N/A	IT support relating to taking meter readings for the Group, the FLUVIUS economic group, as well as the other DSOs in Belgium (Sibelga, RESA etc.)

Changes in investment in associates

	31/12/2022	31/12/2021
Balance at 1 January	**3**	**3**
Acquisition of investment		
Disposal of investments		
Balance at 31 December	**3**	**3**
Goodwill included in carrying amount of investments in associates		

Summary of financial information

	Atrias	
	31/12/2022	31/12/2021
Sales and other operating income	53,249	41,044
Profit or (loss) before interest and taxation	1,212	107
Financial profit or (loss)	(1,158)	(61)
Profit or (loss) before taxation	54	46
Taxation	(54)	(46)
Profit (loss) for the year		
Group's share of the profit (loss) generated by associated companies		

	Atrias	
	31/12/2022	31/12/2021
Non-current assets	54,630	65,291
Current assets	31,516	22,626
Total Assets	**86,146**	**87,917**
Non-current liabilities	55,800	69,800
Current liabilities	30,327	18,098
Total Liabilities	**86,127**	**87,898**
Net assets	**19**	**19**
Group's share of net assets	3	3

Loans made by group companies to associates	**10,987**	**13,742**

Note 26 - Fair value of financial instruments (in thousands of €)

	31/12/2022			
	Category	Carrying amount	Fair value	Level
Financial assets				
Interest rate caps	2	13,243	13,243	Level 2
Interest rate swaps	2	6,019	6,019	Level 2
Trade receivables	1	122,558	122,558	Level 2
Unlisted equity instruments	1	17	17	Level 2
Other receivables	1	102,666	102,666	Level 2
Other financial assets (mutual funds (sicav) and commercial papers)	2	221,493	221,493	Level 2
Total financial assets		**465,996**	**465,996**	

	Category	Carrying amount	Fair value	Level
Financial liabilities				
Unsecured - Non current	1	2,076,799	1,760,897	Level 2
Unsecured - Current	1	201,735	201,735	Level 2
Trade payables	1	164,088	164,088	Level 2
Other payables	1	135,574	135,574	Level 2
Interest rate swaps	3			Level 2
Total financial liabilities		**2,590,634**	**2,262,294**	

	31/12/2022			
	Category	Carrying amount	Fair value	Level
Financial assets				
Interest rate caps	2	1,902	1,902	Level 2
Interest rate swaps	2	3,689	3,689	Level 2
Trade receivables	1	239,825	239,825	Level 2
Unlisted equity instruments	1	17	17	Level 3
Other receivables	1	101,646	101,646	Level 2
Other financial assets (mutual funds (sicav) and commercial papers)	2	95,303	95,303	Level 2
Total financial assets		**442,382**	**442,382**	

Financial liabilities				
Unsecured - Non current	1	2,067,024	2,157,514	Level 2
Unsecured - Current	1	226,125	226,125	Level 2
Trade payables	1	181,065	181,065	Level 2
Other payables	1	165,909	165,909	Level 2
Lease liabilities	1	13,722	14,101	Level 2
Interest rate swaps	3	3,242	3,242	Level 2
Total financial liabilities		**2,657,087**	**2,747,956**	

1- financial assets or liabilities at amortised cost;

2- financial assets or financial liabilities at fair value through net profit or loss;

3- financial assets or liabilities at fair value through other comprehensive income (hedge accounting).

The hierarchy used to determine the fair value of the financial instruments by valuation technique is as follows:

- level 1 - listed (unadjusted) price on active markets for identical assets or liabilities;
- level 2 - input other than the listed prices mentioned in level 1, which is observable for the asset or liability in question, either directly (namely the prices) or indirectly (namely input derived from prices);
- level 3 - input relating to the asset or liability that is not based on observable market data (unobservable input).

Description of the methods used to determine the fair value

- For derivative financial instruments:
  - ✓ The fair value is determined on the basis of estimated future cash flows depending on interest rate curves.
- For trade receivables and payables as well as other receivables and payables:
  - ✓ The fair value is assumed to be the same as their carrying amount due to their short term maturity.

- For loans (secured and unsecured):

  ✓ Fixed rate financing: at the balance sheet date, the sum of discounted future cash flows including principal and interest calculated on the basis of the market rate at the closing date (i.e. including bonds).

  ✓ Adjustable fixed rate financing: at the closing date, the sum of the discounted future cash flows including principal and interest calculated on the basis of the market rate at the closing date.

  ✓ Variable rate financing: the fair value is assumed to be equal to the carrying amount at the closing date.

  ✓ Short-term commercial paper: the fair value is equal to the carrying amount at the closing date.

Note 27 - Derivative instruments (in thousands of €)

Summary of derivative financial instruments

	Fair values	
	31/12/2022	**31/12/2021**
Derivative instruments not used in cash flow hedges		
Interest rate caps	13,243	1,902
Inflation rate swaps	0	3,689
	13,243	**5,591**
of which: non-current	13,243	1,902
of which: current		

	Fair values	
	31/12/2022	**31/12/2021**
Derivative instruments used in cash flow hedges		
Interest rate swaps	6,019	(3,242)
	6,019	**(3,242)**
of which: non-current	6,019	(3,242)
of which: current		

The following table summarizes the interest rate swap contracts designated in a hedging relationship as at December 31, 2022.

	Interest rate at the closing date		Notional principal amount		Fair value of the instrument		Variation of the fair value used to calculate the hedge ineffectiveness	Maturity	Variable rate item (hedged)
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022		Borrowings
Swap	0.35%	0.35%	40,000	40,000	1,055	(769)	1,824	02/01/2024	MP ORES 2016 - Batch 1
Swap	0.37%	0.37%	50,000	50,000	2,706	(1,051)	3,757	30/12/2024	MP ORES 2016 – Batch 2
Swap	0.40%	0.40%	30,000	30,000	2,154	(1,047)	3,201	31/12/2025	MP ORES 2016 – Batch 3
Swap 2006	2.20%	2.20%	4,252	5,315	104	(375)	(479)	31/12/2026	IGH_2006
			124,252	**125,315**	**6,019**	**(3,242)**	**9,261**		

Description of the hedging policy within the Group

In order to manage the interest rate risk, the Group may use derivative financial instruments such as interest rate swaps (variable to fixed rates), caps or collars (combination of cap and floor). Within the Group, debt management and market data are closely monitored. No derivative instruments are used for speculative purposes.

Given the high proportion of variable rate loans in the portfolio (see note 15), the Group has taken out several interest rate caps to protect itself against a rise in interest rates. These caps have a fair value at end-2022 of €13.2m, recorded under other non-current financial assets. After analysis, the Group decided not to apply hedge accounting, and the change in their fair value is therefore recognised in profit or loss for the period.

As detailed above, the Group has entered into interest rate swaps which are documented as hedging instruments and for which hedge accounting is applied.

The Group also decided to sell early, in 2022, the swaps hedging the inflation risk contracted at the end of 2018, valued at a fair value of €3.7m at the end of 2021. The proceeds of the sale amounted to €3.9m and were recorded under financial income. As a reminder, the Group had decided not to apply hedge accounting to this instrument, and the change in its fair value is therefore recognised in profit or loss for the period.

Other notes to the financial statements

Note 28 - Related parties (in thousands of €)

The transactions shown below are those carried out with all related parties (apart from consolidated entities), including:

1. Majority shareholders and all companies controlled directly or indirectly by them
2. Shareholders with a significant influence;
3. Companies with which there is a shareholding connection and joint ventures;
4. The Group's key employees;
5. Other parties with significant links

Related parties at 31/12/2022	Type of relationship	Amounts receivable		Amounts payable		Statement of comprehensive income				
		More than one year	Within one year	More than one year	Within one year	Turnover	Other operating income	Cost-of-sales	Other operating expenses	Financial income
Atrias	Shareholder funding	10,986	1,969							224
Atrias – customer	Accounting		46				152			
Atrias - supplier	IT service projects				316				(10,721)	
		10,986	**2.015**	**0**	**316**	**0**	**152**	**0**	**(10,721)**	**224**

Related parties at 31/12/2021	Type of relationship	Amounts receivable		Amounts payable		Statement of comprehensive income				
		More than one year	Within one year	More than one year	Within one year	Turnover	Other operating income	Cost-of-sales	Other operating expenses	Financial income
Atrias	Shareholder funding	13,742								10
Atrias – customer	Accounting		15				144			
Atrias - supplier	IT service projects		761						(7,939)	
		13,742	**776**	**0**	**0**	**0**	**144**	**0**	**(7,939)**	**10**

In terms of bank loans, it should be noted that the Walloon municipalities and the former private partner have guaranteed some loans worth a total of €315.9m, 13.86% of the total bank debt at the end of 2022 (compared to 16.05% at the end of 2021). The private partner will be released from its guarantees (following its exit from the capital of ORES Assets on 31 December 2016) according to a timetable yet to be defined.

As all the Group's subsidiaries work at cost price and therefore without margin, in accordance with their articles of association, all transactions between related parties are therefore carried out at cost price and not outside market conditions.

Employee benefits for key management personnel	31/12/2022	31/12/2021
Short-term benefits	2,239	2,307
Post-employment benefits		
Present value of pension liability (defined benefits plan)	6,513	7,289
Net cost of the pension for the period	354	376
Termination benefits	552	
Other long-term benefits		
Present value of pension obligation (defined benefits plan)	135	136
Net cost of the pension for the period	6	5
	9,799	**10,113**

Key management personnel is made up of members of the ORES' Board of Directors and the members of the ORES' Management Committee.

Note 29 - Events after the end of the reporting period (in thousands of €)

Nature	Estimated financial impact	
	Financial position	Comprehensive income
Dividends proposed to the ORES Assets General Meeting of shareholders that will take place in the first semester of 2023	72,620	94,462

Note 30 - Managing financial risks (in thousands of €)

1. Credit risk

General description of how the credit risk is managed

The credit risk is the risk that the debtor will not fulfil its original obligation to repay a "credit". The different components are the counterparty risk, the liquidity risk, the risk associated with the debtor's activity or structure, the sector risk, the financial risk and lastly the political risk.

The Group responds to credit risk in a number of ways. In terms of cash and investments, the Group's surplus cash is either invested with financial institutions, or in the form of commercial papers, in a highly diversified manner with banks or companies that meet strict selection criteria.

Trade receivables can be broken down as follows :

- receivables relating to transit charges, for which the Group obtains bank guarantees or carries out balance sheet analyses before determining the payment terms granted ;
- receivables related to public service obligations (energy supply) and works for which the Group assigns receivables without recourse.

Details of the maximum credit risk	31/12/2022	31/12/2021
Derivatives financial assets	19,262	5,591
Trade receivables and other receivables	225,225	313,787
Unlisted equity instruments	17	17
Cash and cash equivalents	111,516	216,133
Total financial assets	**356,019**	**535,528**

2. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

Liquidity risk arises from the Group's need to obtain the external financing required, among other things, to carry out its investment programme and refinance existing financial debt.

The Group's financing policy is based on covering its financing needs for the current year and maintaining a cash surplus. This last point and the diversification of financing sources enable the Group to limit liquidity risk.

ORES has short-term financing capacity through its commercial paper programme and a short-term credit line of €50m with a term of 3 years. Liquidity risk can be considered to be virtually nil. Cash management helps to limit market, asset structure and liquidity risks. The management bodies have implemented a prudent investment policy, based on diversification and the use of products with limited credit and interest rate risk.

In terms of maintaining liquid assets, the Group had cash and cash equivalents of €111.5m at 31 December 2022 (compared with €216.1m at the end of 2021) - see note 13. Details of the Group's borrowings are given in note 15.

Maturity analysis (based on undiscounted future cash flows)

31/12/2022	Amount recorded	< 1 year	>1 and <3 years	>3 and <5 years	>5 and <15 years	>15 years	No maturity date	Total
Derivatives financial assets	19,262	13,243	6,019					**19,262**
Trade other receivables	225,224	225,224						**225,224**
Financial assets held for sale	17						17	**17**
Cash and cash equivalents	111,516	111,516						**111,516**
Total assets	**356,019**	**349,983**	**6,019**	**0**	**0**	**0**	**17**	**356,019**
Derivatives financial liabilities								
Borrowings	2,278,534	182,970	444,210	441,958	1,093,084	447,025		**2,609,247**
Trade other payables	299,662	299,662						**299,662**
Total liabilities	**2,578,196**	**482,632**	**444,210**	**441,958**	**1,093,084**	**447,025**	**0**	**2,908,909**
Derivatives financial liabilities	**(2,222,177)**	**(132,649)**	**(438,191)**	**(441,958)**	**(1,093,084)**	**(447,025)**	**17**	**(2,552,890)**

31/12/2021	Amount recorded	< 1 year	>1 and <3 years	>3 and <5 years	>5 and <15 years	>15 years	No maturity date	Total
Derivatives financial assets	5,591	1,902	3,689					**5,591**
Trade other receivables	313,787	313,787						**313,787**
Financial assets held for sale	17						17	**17**
Cash and cash equivalents	216,133	216,133						**216,133**
Total assets	**535,528**	**531,822**	**3,689**	**0**	**0**	**0**	**17**	**535,538**
Derivatives financial liabilities	3,242		1,821	1,421	0			**3,242**
Borrowings	2,293,150	239,607	369,368	395,109	1,116,211	482,462		**2,602,757**
Trade other payables	345,047	345,047						**345,047**
Total liabilities	**2,641,439**	**584,654**	**371,189**	**396,530**	**1,116,211**	**482,462**	**0**	**2,951,046**
Derivatives financial liabilities	**(2,105,911)**	**(52,832)**	**(367,500)**	**(396,530)**	**(1,116,211)**	**(482,462)**	**17**	**(2,415,518)**

3. Market risk

The market risk is the risk that the fair value or future cash flows from a financial instrument fluctuate due to changes in market prices. The market risk encompasses three kinds of risk:

- exchange rate (exchange rate risk) - not applicable to the Group;
- market interest rate (interest rate risk);
- market price (for example: share prices, commodity prices) - not applicable to the Group.

The Group's activities essentially expose it to the financial risks associated with interest rate fluctuations.

Interest rate risk

The Group has established an interest rate risk management policy based on a balance between fixed and variable rate borrowings. To manage the risk of interest rate volatility, it uses derivative hedging products (swaps, caps, collars or interest rate structures) depending on the market situation. The value of these instruments depends mainly on interest rate fluctuations. The portfolio is managed centrally at Group level and all positions are reviewed periodically.

Sensitivity analysis

Description of the method and assumptions used to conduct sensitivity test

The interest rate to be used before margin variations will be calculated as follows:

The latest rates recorded on the last business day of the period in question (30/12) are used as the reference base, and the averages for Euribor (Euribor 1, 3, 6 and 12 months) and swap rates (with maturities of 1 to 30 years) are calculated. At 30 December 2022, the average Euribor rate became positive again and stood at 2.50% (-0.551% at end 2021) and the average swap rate increased to 3.085% (0.144% at end-2021).

On the basis of these averages, the financial flows at 01/01/N+1 are calculated.

We then simulate the impact of a 50 basis point increase in the rate calculated below. We do the same by simulating the impact of a 50 basis point fall in the yield curve calculated below.

The impact in each column is measured at 2 levels (in €k):

1. On pre-tax income (for all products): this column represents the difference between the simulated financial expenses compared with the financial expenses calculated at the balance sheet date using the average rate (positive = gain; negative = loss).
2. On shareholders' equity: this column represents the difference between the book value calculated at the balance sheet date on the basis of the average rate compared with the simulated book value (outstanding capital or market value) (positive = gain; negative = loss).

31/12/2022		+ 50 basis points		- 50 basis points	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Loan		(2,001)		1,686	
Cap			10,036		(12,307)
Swap		217	6,465		(9,241)
		(1,785)	**16,501**	**1,686**	**(21,548)**
	31/12/2021				
Loan		(1,921)		2,004	
Cap			823		3,292
Swap		26	108	25	(5,649)
		(1,895)	**931**	**2,029**	**(2,357)**

An increase of 50 basis points would decrease our pre-tax profit by €1.8m and increase our equity by €17m, while a decrease of 50 basis points would increase our profit by €1.7m but have a negative impact of €22m on our equity.

4. Capital risk management

The Group's capital represents the contributions of the partners in ORES Assets. In 2012, it was represented by the eight Walloon mixed intermunicipal companies IDEG scrl, I.E.H. scrl, I.G.H. scrl, Interest scrl, Interlux scrl, Intermosane scrl, Sedilec scrl and Simogel scrl, which merged on 31 December 2013 to create ORES Assets. This merger was effective from an accounting point of view with retroactive effect to 1 January 2013.

The capital of ORES Assets is made up of the contributions, which are themselves made up of an unavailable portion (€533k) and an available portion (€866,931k). The contributions are fully subscribed and paid up. Any distribution of the contributions to the associates which would result in the contributions being reduced to an amount less than the unavailable part of the contributions can only be decided by the General Meeting ruling under the conditions required for the amendment of the articles of association. The part of the contributions which exceeds this amount may be distributed to the members by a decision taken, as the case may be, by the General Meeting ruling under the ordinary conditions or by the Board of Directors in cases where the law or the articles so permit.

In order to maintain sufficient funds for the protection of creditors, the Code of Companies and Associations requires cooperative companies such as ORES Assets to carry out an analysis prior to any distribution of contributions to associates. This analysis consists of a double distribution test composed of liquidity and solvency tests. The liquidity test examines whether, following the distribution, the company will be able to continue to meet its maturing debts for a period of at least twelve months from the distribution. It is the responsibility of the Board of Directors. The solvency test consists of prohibiting a distribution if the company's net assets are negative or would become negative as a result of such a distribution. It is the responsibility of the auditor to carry out the solvency test.

There is only one type of share in ORES Assets. Each associate must subscribe to at least one share.

The creation and offering for subscription of new shares is decided by the Board of Directors.

The shares include voting and dividends rights.

According to ORES Assets articles of association, the shares can only be sold to partners and with the approval of the Board of Directors. They may be transferred between an associated IPF and one or more associated municipalities affiliated to it by agreement between them.

An intermunicipal association must have at least two municipalities among its members; there are 200 in ORES Assets. Any other legal entity under public law as well as legal entities under private law may also be associated with an intermunicipal association.

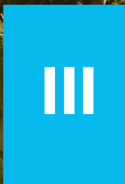
ORES Assets was a so-called «mixed» intermunicipal company until 31 December 2016, as its capital was held partly by municipalities (located in Wallonia) directly or indirectly through a pure financing intermunicipal company (seven in number until the end of 2019, Idefin, CENEO, IEG, IPFBW, Finimo, Finest and Sofilux) and the balance by a private partner (Engie/Electrabel).

Following the withdrawal of the latter on 31 December 2016, the capital shares are held 100% by the municipalities and the seven pure intermunicipal financing companies.

As of 1 January 2020, an eighth Intermunicipal pure financing entity has been associated into ORES Assets: IFIGA.

The regulatory environment in which the Group operates is described in section 3.A.15 of the accounting policies. The percentage of authorised return determined by the regulations takes into account a normative ratio of 47.5% equity and 52.5% debt. ORES Assets' articles of association state that a ratio of 30% equity to total assets must be maintained (calculated on the basis of the statutory accounts prepared in accordance with Belgian accounting standards). It is also important to note that, in the context of the above-mentioned capital optimisation exercise, annual capital increases are waived as long as the ratio of equity to equity plus financial liabilities is above 40%. The latter ratio was incorporated into a shareholders' agreement in 2020.

ACCOUNTING POLICIES



A. Main accounting policies

The main accounting policies used by the Group to prepare its consolidated financial statements are described below.

A1. Basis of preparation

Statement of compliance

The consolidated accounts include the Group's consolidated financial statements for the year ending on 31 December 2022. The Group's consolidated financial statements have been prepared on a voluntary basis and in accordance with IFRS (International Financial Re-porting Standards) as adopted by the European Union.

The consolidated financial statements have been prepared on a historical cost basis, apart from derivative financial instruments which are valued at their fair value.

Functional and presentation currency

The consolidated financial statements are expressed in thousands of Euros, the Euro is the functional currency (currency of the economic environment in which the Group operates) used within the Group.

A.2. New, revised and amended standards and interpretations

The Group has applied the standards and interpretations applicable to the accounting period ending on 31 December 2022.

New standards and interpretations applicable for the annual period starting on or after 1 January 2022:

- Amendment to IFRS 16 Leases: COVID-19 rent relief beyond 30 June 2021 (applicable for accounting years beginning on or after 1 April 2021);
- Amendments to IAS 16 Tangible assets: Income in advance of its intended use (applicable for accounting years beginning on or after 1 January 2022);
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: onerous contracts - cost of performance (applicable for accounting years beginning on or after 1 January 2022);
- Amendments to IFRS 3 Business combinations: reference to the conceptual framework (applicable for accounting years beginning on or after 1 January 2022);
- Annual improvements 2018-2020 to IFRS (applicable for accounting years beginning on or after 1 January 2022).

The application of these standards has not had a significant impact on the Group's financial statements.

Standards and interpretations published but not yet applicable for the annual period beginning on 1 January 2022:

- IFRS 17 Insurance Contracts (applicable for accounting years beginning on or after 1 January 2023);
- Amendments to IFRS 17 Insurance Contracts: first-time adoption of IFRS 17 and IFRS 9 Comparative information (applicable for accounting years beginning on or after 1 January 2023, but not yet adopted by the European Union);
- Amendments to IAS 1 Presentation of financial statements: classification of liabilities as current or non-current (applicable for accounting years beginning on or after 1 January 2023, but not yet adopted by the European Union);
- Amendments to IAS 1 Presentation of Financial Statements and to the IFRS 2 Statement of Practice: Disclosure of Accounting Policies (applicable for accounting

years beginning on or after 1 January 2023);

- Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors: definition of accounting estimates (applicable for accounting years beginning on or after 1 January 2023);

- Amendments to IAS 12 Income Taxes: deferred tax relating to assets and liabilities arising from the same transaction (applicable for accounting years beginning on or after 1 January 2023, but not yet adopted by the European Union).

The Group has not anticipated the application of any new standard or interpretation published but not yet effective and does not expect any significant impact when applying these new standards or interpretations.

A.3. Consolidation principles

The eight Walloon mixed intermunicipal companies merged on 31 December 2013 with retroactive effect from 1 January 2013, giving rise to ORES Assets sc (hereinafter referred to as «DSO» or ORES Assets). ORES Assets is therefore an electricity and gas distribution network operator (hereinafter referred to as a «DSO») in Wallonia which, as of 31 December 2022, holds, on the one hand (in addition to the few shares held by the IPFs) exclusive control of its subsidiaries ORES and Comnexio, and which, on the other hand, has significant influence over its subsidiary Atrias. For the preparation of the Group's consolidated financial statements, ORES Assets has therefore fully consolidated the first two subsidiaries, while the third is consolidated using the equity method.

The Group's consolidated financial statements include all of the financial statements for the entities that it controls (its subsidiaries). According to IFRS 10, three cumulative conditions need to be fulfilled in order to have control over an entity:

- the Group has power over the entity in question;

- it is exposed, or has rights, to variable returns from its involvement with the entity;

- it has the capacity to use its power over the entity to allocate the entity's total returns.

The type of control is evaluated on a case-by-case basis in accordance with IFRS 10, IFRS 11, IFRS 12 and IAS 28.

Subsidiaries are entities controlled by the Group, and are fully consolidated from the moment that the existence of control has been established and until this control comes to an end.

Associates are companies over which the Group exercises significant influence, but that it does not control. They are consolidated according to the equity method from the date on which the significant influence is established and until this influence ends.

A joint venture is a separate entity over which the parties that have joint control over the entity have rights to the entity's net assets. They are consolidated according to the equity method from the date on which the joint control is established and until this joint control ends.

Intragroup balances and transactions, as well as any profits resulting from intragroup transactions, are totally eliminated during the consolidation process for preparing financial statements.

A.4. Business combinations and goodwill

When the Group obtains control over an integrated set of assets and activities that meet the definition of a business in accordance with IFRS 3 – Business combinations, acquiree's assets, liabilities and contingent liabilities are recognised at their fair value at the date of acquisition. The goodwill represents the difference between the acquisition cost plus any minority interests and the fair value of the acquired net asset. The goodwill is allocated to cash generating units and is not amortised, but is the subject of an impairment test at the end of each reporting period.

A.5. Intangible assets

Intangible assets are accounted for if and only if it is probable that the future economic advantages attributable to the assets will go to the Group and if the cost of these

assets can be valued reliably.

Intangible assets are initially valued at their cost. The cost of an intangible asset generated internally is equal to the sum of the expenses incurred from the date on which this intangible asset fulfils the accounting criteria stipulated by IAS 38. It includes all directly attributable costs needed to create, produce and prepare the asset for which it can be used as intended by management. If an intangible asset is acquired within the context of a business combination in accordance with IFRS 3, the cost of this intangible asset is measured at its fair value on the acquisition date.

After they are first accounted for, intangible assets are accounted for at their cost less total amortisation and total impairments. Intangible assets are amortised according to the straight-line method over the estimated useful life of the asset.

Amortisation begins when the asset is operational as intended by management.

	Useful life
Computer software	10 years for computer software acquired from 01/01/2019 and 5 years for others
Development	5 years

Computer software

Software licences acquired by the Group are recorded at their acquisition cost, less accumulated amortisation and accumulated impairment losses. Software developed internally is recorded at its cost plus development fees if the criteria stipulated by IAS 38 are met. The useful life has increased from 5 years to 10 years in 2019, only for software acquired on or after 1 January 2009 given the importance of new IT projects and their expected lifespan.

Research and development costs

Research costs, if they occur, are recorded as expenses in the period during which they were incurred. Development costs are recorded as assets when the criteria for recognising an intangible asset defined by IAS 38 are met. An intangible asset that comes from the development activity is then amortised using the straight-line method over its useful life and reduced by any impairments.

A.6. Tangible assets

As a general rule, the Group is the owner of tangible assets including network installations, buildings, land, vehicles (fleet) and tools.

Tangible assets are initially accounted for as assets at their acquisition or production cost if and only if it is probable that the future economic advantages associated with this element will go to the Group and if the cost of these assets can be valued reliably. The cost of a tangible asset includes its purchase or production price, any cost directly attributable to moving the asset to where it is going to be used and making sure it is operational, as well as the initial estimate of costs relating to dismantling and removing the asset and returning the site at which it is based to its original state, as required.

Transfers of assets from clients related to network connections are deducted from the value of tangible assets to which they relate and are no longer recognized as assets. Their recognition would immediately lead to an impairment loss.

Consequently, they no longer meet the criteria for initial recognition as they do not generate future economic benefits. They are therefore no longer included in sales in application of IFRS 15 as of January 1, 2019.

After they are first accounted for at their historic cost, tangible assets owned by the Group are depreciated on the basis of the straight-line method and included on the balance sheet at their cost less total depreciation and impairments. Depreciation of a tangible asset begins when the asset is at the location and in the state needed for it to be used as intended by management. The components of a tangible asset with high costs and different

useful lifespans are accounted for separately. Land is not depreciated.

At the end of each reporting period, the Group disposes of the tangible assets that are no longer in use. The carrying amount of tangible assets that have been disposed of is then derecognised.

Since 2003, at the same rhythm that the electricity and natural gas markets have been liberalised, the intermunicipal companies active in these areas have refocused their activities, essentially on the role of electricity and gas distribution system operator, a monopolistic activity for which there is a regulatory framework made up mainly of tariff methodologies.

Electricity and gas distribution system operators (which became ORES Assets in 2013) with a technical inventory justifying the value of the tangible assets could establish the initial value of the capital invested as at 31 December 2002 based on the economic value of this inventory. The initial values were formally approved by the competent regulator and then confirmed in 2007 on the basis of the values as at 31 December 2005 for electricity and 31 December 2006 for natural gas. The capital gain recorded is the difference between the value of the IRAB as approved by the regulator and the carrying amount of the tangible assets on the same dates.

The value of the regulatory asset is critical in determining the fair margin attributed to the DSO for a given year, and therefore the tariffs applicable to a given regulatory period. A full description of the regulation mechanism can be found in chapter A.15 below.

The depreciation rates used by the Group are those defined by ORES Assets (the Group's parent company). These rates reflect a good estimate of the useful life of tangible assets for the sector in which the Group is evolving. The residual value is always assumed to be zero at the end of the useful life of a tangible asset. The table below provides details of the depreciation rate.

Tangible assets	Depreciation rate
Land	0%
Industrial buildings	3% (33 years)
Administrative buildings	2% (50 years)
Gras pipes	2% (50 years)
Cables	2% (50 years)
Lines	2% (50 years)
Optical fibre cable sheath signalling network	5% (20 years)
Poles and cabins (electricity and gas)	3% (33 years)
Connections - transformers	3% (33 years)
Connections – lines and cables	2% (50 years)
Measuring equipment	3% (33 years)
Electronic meters, budget meters, automatic meters	10% (10 years)
Low-voltage smart electric meters	6.67% (15 years)
Low pressure smart gas meters	6.67% (15 years)
Signalling network (smart equipment)	10% (10 years)
Remote control, lab and dispatching equipment	10% (10 years)
Teletransmission	10% (10 years)
Optical fibre	5% (20 years)
Furniture and tooling	10% (10 years)
Vehicles (to transport people and goods)	20% (5 years)
Mobile equipment	10% (10 years)
Administrative equipment (IT equipment)	33% (3 years)

A.7. Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may have suffered an impairment loss. If there are any such indications, the Group then estimates the recoverable value of the asset. An asset is impaired when its carrying amount is higher than its recoverable value. The recoverable value of an asset or a cash generating unit (CGU) is either its fair value less sale costs or its value in use, whichever is higher. If it is not possible to estimate the recoverable value of an individual asset, the Group takes the recoverable value of the CGU to which the asset belongs.

Cash generating units are defined as groups of assets that generate cash flows that are predominantly independent from other groups of assets. As the Group is organised into seven operating segments with a distinction between electricity and gas within these, the Group has defined these CGUs as the assets and liabilities of an operating segment for a given energy (electricity or gas).

At the end of each reporting period, the Group assesses whether there are any indications that an impairment recorded during previous periods for an asset other than goodwill may no longer exist or have decreased. If there are any such indications, the Group estimates the recoverable value of the asset. The new carrying amount of this

asset, increased due to the reversal of an impairment, cannot be higher than the carrying amount that would have been calculated, net of amortisation, if no impairment had been recorded for that asset during previous years. Impairment losses on goodwill are never reversed.

A.8. Lease contracts

A contract is or contains a lease if it gives the right to control the use of an identified asset for a fixed period of time in return for payment of consideration.

To determine whether a lease confers this right, the Group must assess whether, throughout the useful life, it has the following two rights:

- The right to obtain substantially all the economic benefits from the use of the specified asset; and

- The right to decide on the use of the specified property.

In determining the lease terms, any options to renew or terminate the lease were considered in accordance with IFRS 16 Leases, taking into account the probability of exercise of the options to extend or terminate the lease by the lessee and the lessor.

a. The Group as lessee

On the date a contract is concluded, it is analysed to ensure that it is or contains a lease. The Group recognises a right-of-use asset and a corresponding lease liability for all leases in which it is a lessee, except for short-term leases (defined as leases with a term of 12 months or less) and leases where the underlying asset is of low value for which the Group has set a materiality threshold. For these types of contracts, the Group recognises lease payments as an operating expense on a straight-line basis over the lease term unless another systematic method is more representative of the way in which the economic benefits relating to the leased assets are spread over time.

The lease liability is initially measured at the present value of the rentals not yet paid at the start date of the contract, calculated using the interest rate implicit in the lease. If this rate cannot be determined reliably, the Group uses its marginal borrowing rate.

Lease payments taken into account in the measurement of the lease liability include:

- Fixed lease payments, including in substance, net of lease inducements received or to be received (free of charge, ...);

- Variable lease payments that are based on an index or rate, initially measured using the index or rate in effect at the start date;

- The amount that the Group expects to pay to the lessor under residual value guarantees;

- The exercise price of call options that the Group has reasonable certainty of exercising;

- The penalties required in the event of termination of the lease, if the lease term reflects the exercise of the option to terminate the lease.

As a simplification, IFRS 16 offers the lessee the option not to separate lease components from non-lease components, but rather to account for each lease component and the related non-lease components as a single lease component. When a contract contains a lease component and one or more other lease or non-lease components, the Group allocates the consideration under the contract to all lease components on the basis of their separate relative prices and the separate prices of all non-lease components.

Variable rents that do not depend on an index or a rate are not taken into account in the evaluation of the rental debt and the right of use.

These payments are expensed in the period in which they are incurred.

The lease liability is presented among other non-current/

current liabilities in the consolidated statement of financial position.

Subsequently, the lease liability is measured at amortized cost, increasing its carrying amount by the interest on the debt less payments for the year.

Where necessary, the Group revaluates the lease liability against the right of use, in particular when:

- There is a change in the term of the lease or there is a change in the valuation in respect of the exercise of a purchase option resulting from a significant event or change in circumstances, in which case the liability is remeasured by discounting the revised lease payments using a revised discount rate;

- Rent payments change as a result of a change in an index or rate or a change in the amounts expected to be paid under the residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments results from a change in a floating interest rate, in which case a revised discount rate is applied);

- A lease is amended and the amendment is not accounted for as a separate lease, in which case the liability is remeasured based on the term of the amended lease by discounting the value of the revised lease payments using a revised discount rate at the effective date of the amendment.

At the initial recognition date, the right of use comprises the initial amount of the lease liability calculated as explained above, plus the initial direct costs incurred by the Group under the leases (fixtures and fittings, etc.).

When the Group incurs an expense relating to the costs of dismantling and removing a leased asset, restoring the site on which it is located or returning the underlying asset to the condition required by the terms of the lease, a provision is established and recognised in accordance with the requirements of IAS 37.

Rights of use are amortized over the shorter of the lease term and the useful life of the underlying asset. If the effect of the lease agreement is to transfer ownership of the underlying asset or if the cost of the asset under the right of use takes into account the Group's expected exercise of a purchase option, the related right of use shall be depreciated over the useful life of the underlying asset from the starting date of the lease agreement.

Rights of use are presented as part of tangible assets in the consolidated statement of financial position.

The Group recognises any impairment losses on rights of use using the same model described for other tangible assets (see A.7).

b. The Group as lessor

When the Group acts as lessor in leases, the leases are classified as finance or operating leases. Leases are classified as finance leases if they transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group is an intermediate lessor, the main lease and the sublease are classified and accounted for separately. The sublease is classified as a finance or operating lease in relation to the asset under the right of use from the main lease. The lease liability relating to the main contract remains measured in accordance with the rules set out above.

Rental income from operating leases is recognized on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and drafting an operating lease are added to the carrying amount of the leased asset and are recognized on a straight-line basis over the term of the lease.

Amounts receivable from lessees under finance leases are recognised as receivables in the amount of the Group's net investment in the lease. Income from finance leases is allocated between periods to reflect a constant periodic rate of return on the Group's outstanding net investment in the lease.

Where a contract contains both rental and non-lease components, the Group applies the provisions of IFRS 15 to allocate the consideration provided for in the contract to each component.

A.9. Inventories

Inventories are valued at their cost or their net realisable value, whichever is lower. The cost of inventories includes the purchase, processing and other costs incurred to bring them to their current location and condition. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs for completion and the estimated costs needed to finalise the sale. The value of inventories is also determined by applying the weighted average cost method.

Additional lump-sum write-downs are recorded to adjust the book value, taking into account different age categories, inventory turnover and any market trends. Write-down rates can vary from 0% to 100%.

A.10. Financial instruments

Financial instruments held by the Group are recognised and measured in accordance with IFRS 9 - Financial Instruments.

The Group does not hold any financial instruments for speculative purposes. Indeed, the Group only enters into derivative financial instruments for economic hedging purposes.

A.10.1. Cash and cash equivalents

Cash and cash equivalents include cash available with banks, cash on hand, investments in highly liquid mutual funds (sicav) and deposits with an initial maturity of three months maximum.

All cash balances are considered to have low credit risk at each reporting date as they are held with reputable domestic or international banking institutions. Consequently, no impairment is recorded on these financial assets.

A.10.2 Financial assets at amortised cost

These are financial assets with fixed or determinable payments that are not listed on an active market, and are initially recorded at their fair value, which in most cases corresponds to their nominal value, plus transaction costs. After they are recorded for the first time, these financial assets are valued at their amortised cost using the effective interest rate, less reductions for any expected impairment.

The Group recognises expected credit losses and changes in these losses at each balance sheet date to reflect changes in credit risk since the initial recognition of financial assets.

More specifically, this method has been applied to receivables linked to distribution, public service obligations, fraud and construction work. Expected credit losses are estimated using a provision matrix, drawn up according to the type of receivable, previous experience of defaulting debtors and an analysis of their current situation. Following this analysis, an expected credit loss rate is estimated and applied to each bracket defined by the Group. When payments are more than 730 days late, receivables are written down at 100%, as past experience shows that these receivables cannot usually be recovered. The results of this analysis can be found in note 11.

For other financial assets, the Group feels that the credit risk had not risen significantly since they were first recorded; as a result, it has recorded expected credit losses for the next twelve months for these assets.

Expected credit losses on "other receivables" are considered insignificant. Similarly, there is no credit risk on receivables from municipalities, since the Group deducts any unpaid balances from dividends to be paid.

Profits and losses are recorded in the profit and loss statement when a financial asset recorded at its amortised cost is derecognised or impaired.

A.10.3. Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating financial income or expenses over the relevant period. The effective interest rate is the rate that precisely discounts estimated future cash inflows or outflows over the expected life of the financial instrument or, where appropriate, a shorter period so as to determine the net carrying amount for the financial asset liability.

A.10.4. Borrowings

The Group is financed via conventional loans, the issue of commercial paper or private placement-type bond loans. Loans taken out by the Group constitute financial liabilities that are initially valued at their fair value, less transaction costs. These financial liabilities are subsequently valued at their amortised cost, calculated using the effective interest rate method less capital repayments. Interest expenses are recorded according to the effective interest rate. The costs associated with issuing commercial papers or bonds are recorded less the debt on the issue date, and are taken into account when calculating the effective interest rate in order to recoup the debt.

A.10.5. Derivative financial instruments

The Group uses derivatives such as interest rate swaps, collars and interest rate caps, in order to cover its exposure to the interest rate risk arising from its operational, financing and investment activities.

The way derivative financial instruments are accounted for depends on whether or not they are hedging instruments, as well as the type of hedge. Initially, derivatives are recorded at their fair value on the date on which the derivative contract is taken out, and subsequently revalued at their fair value at the end of the reporting period. Profits or losses arising from the application of the fair value are immediately recorded as profit/loss unless the derivative is designated as a hedging instru¬ment and it fulfils the eligibility criteria for hedging.

Derivative financial instruments are recorded as financial assets if their value is positive, and as financial liabilities if their value is negative. Derivatives due to mature in more than 12 months are generally included under the non-current section on the balance sheet, while the other derivatives are included under the current section on the balance sheet.

A.10.6. Hedge accounting

The Group applies cash flow hedge accounting in order to hedge its exposure to variations in the cash flow attributable to a particular risk connected to a recognised asset or liability, a fixed commitment or a planned transaction that is highly likely to have an influence on the profit and loss statement. Certain derivative financial instruments are thus designated as cash flow hedge instruments. Hedge accounting for variations in the fair value has not been applied in this case.

The Group applies hedge accounting to interest rate swaps, while collars and interest rate caps are not designated as hedging instruments in an accounting hedge relationship.

The hedge relationship must be formally designated and documented. In particular, the documentation must indicate the link between the hedge relationship and the entity's strategy for managing financial risks, the expected relationship between the risk and the hedging instrument, the hedged position, the nature of the risk hedged and the technique used to assess the effectiveness of the hedge. The hedge relationship fulfils all the hedge effectiveness restrictions if (i) there is an economic link between the hedged element and the hedging instrument, (ii) the credit risk does not have a dominant effect on variations in the value resulting from this economic link and (iii) the hedge ratio of the hedge relationship is the same as the relationship between the quantity of the hedged element that is really hedged by the Group and the quantity of the hedge instrument that the Group really uses to hedge this quantity of the hedged element.

For the effective portion of a cash flow hedge, the variation in the value of the hedging instrument is recorded directly under other comprehensive income (equity) for the effective portion. The ineffective portion of the hedge is recorded immediately in the profit and loss statement.

Hedge accounting comes to an end when the Group revokes the hedge relationship, when the hedging instrument matures or is sold, terminated, or exercised, or when it no longer fulfils the effectiveness restriction for hedging relating to the hedging ratio. Any cumulative profit or loss on the equity at this time continues to be deferred in the equity and is recorded in the profit and loss statement when the expected transaction is recognised in the profit and loss statement. If the expected transaction is no longer expected to be completed, the cumulative profit or loss that had been deferred in the equity is immediately recorded in the profit and loss statement. This is a reclassification adjustment (see IAS 1).

A.10.7. Financial assets valued at fair value through the net profit and loss statement (previously available for sale)

Financial assets valued at fair value through the net profit and loss statement (previously available for sale) include investments in companies that are not consolidated or accounted for according to the equity method. These financial assets are valued at their fair value, and any resulting variation is accounted for immediately in the net profit and loss statement. If the fair value of a financial asset valued at their fair value cannot be determined reliably, valuation at cost may be used. This last option is the one used by the group of all of its financial assets.

A.11. Employee benefits

The Group offers its employees various short and long-term benefits, as well as post-employment benefits, in accordance with the applicable legislation in Belgium.

A.11.1. Short-term benefits

When a member of staff has provided services to the Group during an accounting period, the Group recognises the non-discounted amount of short-term employee benefits in return for the services rendered; as a liability, after deducting the amount already paid (if applicable), and as expenses (unless another IFRS requires or authorises the incorporation of benefits in the cost of an asset).

A.11.2. Post-employment benefits

Post-employment benefits are divided into two categories, defined benefits plans and defined contribution plans.

Contributions paid under defined contribution pension plans are recognized as an expense when employees render the services necessary to earn them.

Defined contribution plans subject to minimum rates of return are treated as defined benefit pension plans (among other things, application of the projected unit credit method, without taking into account future contributions).

For defined benefit pension plans, the amount recognized as a net defined benefit liability (asset) is the difference between the present value of the obligation and the fair value of plan assets.

If the calculation of the net obligation results in a surplus for the Group, the asset recorded for this surplus is limited to the discounted value of the repayments available or reductions in future contributions to the plan.

The cost of defined benefits includes the following components: the cost of services and net interest on the net liability (asset) recorded under the net profit/ loss (under employee costs for the cost of services, and under financial expenses (or financial income) for net interest respectively), as well as the revaluations of the net liability (asset) recorded under other comprehensive income.

The discounted value of the obligation and the cost of services are determined using the projected unit credit method and actuarial valuations are carried out at the end of each reporting period.

The actuarial calculation method involves the use and formulation by the Group of actuarial assumptions such as the discount rate, increases to salaries and medical costs, staff turnaround and mortality tables. These actuarial assumptions are the best estimates of variables that will determine the final cost of the post-employment benefits. The discount rate reflects the rate of return on high quality corporate bonds whose terms corre¬spond to the estimated term of the post-employment benefit obligations.

A.11.3. Other long-term benefits

Other long-term benefits are accounted for in a similar way to post-employment benefits, apart from the fact that revaluations of the net liability (asset) are accounted for in the profit and loss statement instead of being recorded under other comprehensive income.

The actuarial calculations of post-employment obligations and other long-term employee benefits are carried out by independent actuaries.

A.12. Provisions

A provision is recorded when the Group has a current (legal or implicit) obligation at the end of the reporting period, resulting from past events or transactions, it is probable that this obligation will result in an outflow of resources and it must be possible to estimate the total value of this obligation reliably. The amount recognised as a provision is the best estimate of the total needed to settle the obligation. Provisions with a term of over 12 months are discounted if the effect of discounting is material. Provisions established by the Group mainly relate to litigation and risks related to the clean-up of polluted sites.

Environmental liabilities

The Group regularly analyses all of its environmental risks and corresponding provisions. The main environmental risks are connected to sites with a certain level of pollution. The total provisions established to cover these risks are based on the best estimate of costs yet to be incurred, both in terms of studies and in terms of cleaning up the sites in question, based on valuations by independent experts. The Group calculates these provisions to the best of its knowledge of the applicable laws and regulations depending on the scope of the pollution and the environmental impact studies to be carried out.

A.13. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (asset requiring a long preparation period before it can be used) are included in the cost of this asset. All other borrowing costs are accounted for in the profit and loss statement for the period during which they are incurred.

A.14. Financial income and expenses

Financial expenses include interest to pay on loans and financial debts calculated using the effective interest rate method, as well as increases to provisions following the unwinding of discounts over time.

Financial income includes interest income on investments, accounted for using the effective interest rate method, as well as dividends, accounted for when the Group has an established right to receive these payments.

Changes to the fair value of derivative financial instruments held by the Group that are not defined within the context of an hedge accounting relationship are shown as financial expenses or income.

A.15. Revenue recognition

A.15.1. Regulatory context

Authorized revenues and approved tariffs for the period 2019-2023

During 2018, several discussions took place between the CWaPE and ORES teams in order to present, justify, explain and argue the elements of the 2019-2023 authorised revenue proposals submitted on 29 December 2017. This constructive dialogue enabled ORES to obtain, on 28 Au-

gust 2018, the approval by the CWaPE of the authorized revenues 2019-2023.

In accordance with the procedure set out in the tariff methodology, on 1 October 2018, ORES filed a first version of the electricity and natural gas tariff proposals to cover the authorised revenues 2019-2023 approved by the CWaPE. The tariff proposals were analysed by the CWaPE and were the subject of additional questions addressed to the distribution system operator. On 13 December 2018, 15 January 2019 and 25 January 2019, ORES filed adapted tariff proposals for the regulatory period 2019-2023. On 7 February 2019 (for periodic tariffs) and 20 February 2019 (for non-periodic tariffs), the CWaPE approved the electricity and natural gas tariffs proposed by ORES. The new distribution tariffs 2019-2023 are therefore applicable since 1 March 2019.

Regulatory evolution 2022

Between 20 and 27 January 2023, the distribution system operators, including ORES Assets, submitted a joint proposal for tariffs for the rebilling of 2023 transmission costs. These tariffs, set at an identical level throughout Wallonia, were approved by the CWaPE on 9 February 2023.

On 14 November 2019, the CWaPE adopted a decision not to approve the electricity and gas regulatory balances for the 2017 and 2018 financial years, rejecting an amount of €25,1m. ORES Assets appealed against this decision to the Market Court. In a ruling handed down on 7 October 2020, the Market Court annulled the CWaPE decisions challenged by ORES. On 17 January 2021, the CWaPE then took new decisions on the 2017-2018 regulatory balances, this time approving the balances as introduced by ORES without rejecting any costs. In a ruling dated 22 December 2022, in the context of the appeal lodged by CWaPE against the ruling of the Market Court, the Court of Cassation ruled in favour of the regulator. An additional tariff debt of €25m has been recognised under ORES Assets. ORES Assets may refer the matter to the Market Court, with a different composition, in order to obtain a new ruling annulling the contested CWaPE decisions.

Discussions on the adoption of the tariff methodology applicable during the next tariff period continued in 2022. The draft tariff methodology for 2024-2028 was submitted for public consultation from 1 June 2022 to 31 August 2022. The tariff methodology should have been published on 1 November 2022. However, in view of the volume and nature of the reactions received, the DSOs' request for further consultation on certain aspects of the draft methodology, and the need to take account of these developments in the formal grounds for the final decision, the CWaPE, in consultation with the DSOs, considered it necessary to postpone this date to 1 June 2023. Given this postponement of the adoption of the 2024-2028 methodology and the modification of the regulatory period of this tariff methodology so that it covers 2025-2029, 2024 will constitute a transitional year. The 2024 tariff methodology is largely a continuation of the 2019-2023 tariff methodology. Discussions on the 2025-2029 methodology are therefore still ongoing.

On 15 December 2022, the CWaPE approved the balances for 2021.

Determination of revenue elements and tariffs: tariff methodology 2019-2023

Elements of authorised revenues

Authorized income items are divided between expenses that qualify as "controllable" and those that qualify as "non-controllable". Controllable (respectively, non-controllable) expenses are those over which the DSO has (respectively, does not have) direct control.

The regulation of controllable expenses[13] includes an incentive mechanism (incentive or penalty) that pushes DSOs to act more productively and efficiently.

To this end, controllable expenses evolve according to a "revenue-cap" mechanism, of the "CPI-X" type, which foresees that ex-ante, they are indexed according to the health index ("CPI") and subject to a productivity improvement coefficient ("X" factor). The index has been set by CWaPE at 1.575% per annum for the period

[13] These are all operating expenses that are not identified as non-controllable in article 12 of the 2019-2023 tariff methodology (for more details, see the 2019-2023 tariff methodology published on: https://www.cwape.be/sites/default/files/cwape-documents/2021.09.02-M%C3%A9thodologie%20tarifaire%202019-2023%20-%20modifications%20-%20consolidation%20officieuse.pdf).

2019-2023 while the X factor is 1.5% per annum, applicable to controllable expenses (excluding fixed assets expenses). As a result, the change in controllable expenses over the period is limited to 0.075% per year (1.575% for expenses related to fixed assets to which the X factor does not apply). These parameters are fixed and cannot be revised.

Ex-post, if the actual controllable costs prove to be lower (respectively, higher) than the authorised ex-ante level, the DSO's result is increased (respectively, decreased) accordingly. This is known as a bonus/malus on the company's result, depending on whether the company's result is increased or decreased. Consequently, these differences are added to or deducted from the profits of the DSOs and their associates and will not affect tariffs, either during the regulatory period or afterwards.

The fixed nature of the authorised revenue, which is identical for each year of the regulatory period, while the controllable costs, which are increasing, evolve during the same regulatory period, means that the variances on controllable costs may be greater and more volatile than in the past. This volatility implies that bonuses must be set aside during the different years of the same tariff period.

Non-controllable expenses and volumes[14] are budgeted by the DSOs on the basis of best-estimates. They are subject to a "cost-plus" type of regulation. During the ex-post control, the regulator determines the amounts of the regulatory balances that can be included in the future tariffs, to which they are fully allocated. With regard to non-controllable expenses, depending on whether the difference between the budgeted and actual expenses is positive/negative, we speak of a regulatory surplus/deficit or a regulatory liability/asset. A regulatory surplus (or liability) means that the budgeted expenses have been higher than actual expenses and that a portion of these expenses must be returned to network users through a downward revision of tariffs within the regulatory period or the next regulatory period. With regard to volumes, reference quantities (kW, kWh, number of network users/number of meters, etc.) are predetermined by the DSOs on the basis of the volumes they have planned to sell to their network users. If the actual volumes are higher/lower than the planned volumes, they will generate a regulatory surplus/liability or a regulatory deficit/asset.

Differences in non-controllable charges and volumes are recorded annually by the DSOs in a separate asset or liability account awaiting final allocation during the current tariff period or subsequent tariff periods[15], either as a tariff receivable (deficit/regulatory asset), or as a tariff debt (surplus/regulatory liability).

Net expenses related to specific projects

Having submitted a business plan demonstrating the profitability of these projects, ORES obtained additional budgets for the implementation of the two specific projects authorised by the 2019-2023 tariff methodology, namely the deployment of smart meters and the promotion of natural gas networks (Promo gas). Following the publication of the Walloon decree of 19 July 2018 on the deployment of smart meters, the assumptions used to calculate the amount of the specific envelope relating to smart metering, as approved by the CWaPE in 2018, had to be reviewed and a new proposal was introduced by ORES at the request of the CWaPE. Following the CWaPE decisions of 28 November 2019 and 14 February 2020 to remove the envelope granted in 2018, ORES lodged an appeal against this decision in 2020 while continuing discussions with CWaPE with a view to approving a new budget for the current regulatory period. The refusal decisions of the CWaPE relating to this specific revised envelope having been cancelled by the Market Court, discussions on this envelope continued with the regulator. They resulted, on 17 September 2021, in the filing by ORES with the CWaPE of a new version of the business case for the smart meter deployment project. Finally, on 28 October 2021, the CWaPE adopted a decision to revise the net charges relating to the specific smart meter deployment project.

[14] Applied to the approved tariffs, these volumes will determine the DSO's cost-covering turnover
[15] Typically, differences of the year N are reflected in the tariffs in N+2

Fair profit margin

The fair profit margin is the compensation for the capital invested in the "regulated asset base" (RAB) of the DSO. In the 2019-2023 tariff methodology, the invested capital consists of both the DSO's own funds and external financing. The profit margin is calculated annually by applying the authorised return percentage to the regulated asset base, which will evolve during the period 2019-2023, the return percentage being fixed over the period and not revisable.

Regulatory asset

The initial value of the regulated asset base is the value of the regulated asset base on 1 January 2019 as determined in accordance with the 2019-2023 tariff methodology. Namely, based on the latest adjustment plans approved by the CWaPE, the net carrying amount at 31 December 2015 obtained by adding the carrying amount value of the primary and secondary regulated asset bases at 31 December 2015 (it is therefore based on the initial value of the RAB approved by the regulator, or iRAB). To this value is added the acquisition value of the "network" and "non-network" investments of 2016, 2017 and 2018, from which is deducted the net carrying amount of the regulated assets decommissioned or completed during the years 2016, 2017 and 2018, the depreciation of the regulated assets 2016, 2017 and 2018 the interventions of third parties relating to these regulated assets, the part of the subsidies relating to these regulated assets, the part of the forecasted iRAB capital gain relating to the regulated tangible fixed assets decommissioned during these years as well as the part of the historical capital gain relating to the tangible fixed assets decommissioned in 2016, 2017 and 2018.

Thereafter, from 1 January 2019 onwards, the value of the regulated assets will change from year to year as a result of new investments, depreciation, third party interventions and subsidies as well as retirements.

Return percentage

The percentage return allowed is determined on the basis of the weighted average cost of capital ("WACC") formula. This has been set by the CWaPE at a rate of 4.053% for the regulatory period 2019-2023.

This rate is derived from the weighting of the cost of equity and the cost of debt according to a distribution key of 47.5% equity for 52.5% debt. The equity and debt rates are set at 5.502% and 2.743% respectively and are not revisable ex-post. It follows that if the financial charges linked to external financing exceed this ceiling, they will not be reflected in the tariffs and will be borne by the DSOs.

The following formula is applied:

$$CMPC = \frac{E}{(E+D)} * k_E + \frac{D}{(E+D)} * k_D$$

With:

E	Equity value
D	Value of financial debt
$\frac{E}{(E+D)}$	Equity ratio expressed as a percentage
$\frac{D}{(E+D)}$	Financial debt ratio expressed as a percentage
k_E	Cost of equity $k_E = r_{f1} + \beta_e (k_m - r_f)$ With: r_{f1} = risk - free cost of equity rate β_e = Beta of equity $(k_m - r_f)$ = market risk premium k_m = expected market rate of return
k_D	Cost of debts with transaction fees

Destination of regulatory balances

The tariff methodologies stipulate that the balances relating to non-controllable expenses are carried forward in full in the tariffs and are therefore charged to or benefit network users.

At the end of 2022, ORES finally recovered/restituted, in the form of an advance payment, all the balances on non-controllable charges dating from the 2008 to 2014 tariff years. The 2015 and 2016 balances will be recovered progressively over the period 2019-2023, i.e. over 4 or 5 years, in order to smooth tariff changes. The 2019-2023 tariff methodology also provides that, from 2020, the DSO may include a proportion of the regulatory balance for year N-2 in the authorised revenue for year N, so as to gradually allocate the regulatory balances and avoid their accumulation over the regulatory period.

At present, all the decisions on regulatory balances setting the level of balances until 2021 have been taken by the CWaPE (see above). The regulatory balances relating to 2022, amounting to - €61.7m (regulatory liabilities), will only acquire their definitive status once they have been approved by the CWaPE during its ex-post audit of the accounts relating to 2022.

A.15.2. Turnover

The Group applies IFRS 15, which introduces a five step approach to revenue recognition.

Revenue from the sale of goods must be recognized when all of the following conditions are met:

- the parties to the contract have approved it and are committed to fulfilling their obligations;
- the Group can identify the rights of each party as far as the goods or services to be supplied are concerned;
- the Group can identify the expected payment conditions for the goods or services to be supplied;
- the contract has commercial substance;
- it is probable that the Group will recover the compensation to which it is entitled in exchange for the goods or services supplied to the client.

Income from ordinary activities is valued according to the compensation to which the Group expects to be entitled in a contract agreed with a client, excluding amounts received on behalf of third parties. The Group recognises the revenue as soon as it has transferred control over the goods or services to the client.

The Group's turnover, corresponding to the income from ordinary activities according to IFRS 15, essentially includes income relating to the following activities:

- distribution fees;
- energy sales within the context of public service obligations;
- construction contracts.

1 - Distribution fees

The Group's turnover is mainly made up of income and expenses related to the distribution fees for the electricity and gas distribution network. The Group distributes electricity and gas to homes and businesses connected to the network on behalf of energy suppliers. As far as electricity is concerned, the distribution fee also includes the transport fee (reinvoicing the costs of using the transport network, of which Elia is the sole operator). The later fee is invoiced by Elia to the Group and is recorded as a cost of sales (cascade principle), resulting, in principle in a neutral impact on the profit and loss statement.

The income and expenses related to distribution fees are recognised as soon as the electricity or gas has been supplied and transported to consumers that are connected to the network during the period in question. The total amounts recognised as income are based on the meter readings and estimates for use of the network where a reading has not been collected (volumes metered or estimated multiplied by the tariff in force approved by the CWaPE).

These estimates are corrected at the year end with the unmetered distribution fee ("redevance de transit non relevée", RTNR) which is calculated on the basis of the total volumes that have been transmitted through the network. The RTNR has been treated as a contract asset as defined by IFRS 15.

2 - Energy sales within the context of public service obligations

The Walloon Government imposes public service obligations (PSOs) on the DSOs which are clearly defined, transparent and non-discriminatory, the fulfilment of which is subject to checks by the regulators (mainly the CWaPE, but also the CREG for supplying protected clients). They consist, among other things, in ensuring, at the social rate, the supply of electricity to protected customers defined by law and in ensuring, on a temporary basis, the supply of end customers who find themselves temporarily without a supply contract or whose supply contract has been suspended (customers known as "under supplier X").

The income and expenses related to the sale of energy are recognised as soon as the electricity or gas has been supplied and transported to consumers that are connected to the network during the period in question. The total amounts recognised as income are based on the meter readings and estimates for use of the network where a reading has not been collected (volumes metered or estimated multiplied by the tariff in force approved by the CWaPE).

As far as sales to protected customers are concerned, a social tariff is in force, lower than the market price, and the difference between this tariff and the market price is partly recovered by the DSOs from the regulator (a fund managed by the latter), and partly via the tariffs depending on the type of protected client, which ensures that there is a neutral impact on the profit/loss.

3 - Construction contracts

The Group's turnover includes income from construction contracts for various projects such as work on the public lighting system or network maintenance. Where the deadline for a construction contract can be estimated re-

liably, the income and expenses associated with this contract are accounted for in the profit and loss statement according to the progress of the contract.

The Group records work carried out as a contract asset and the advances received are recorded as contract liabilities. If payment exceeds the income recorded according to the costs incurred method, the Group records the surplus as a contract liability. Any amount previously recorded as a contract asset is reclassified as a client receivable when it is billed to the client.

The Group believes that there is no significant financing component in the construction contracts entered into with clients as the period between when income is recorded according to the costs incurred method and payment is generally less than a year.

Transfer of assets from customers

Transfers of asset from customer in connection with the construction of network connections or extensions are no longer recognized in revenues as of January 1, 2019, as the related asset cannot be recognized (see point A.6 above: tangible assets).

The tariffs for these services are imposed by the regulator (so-called non-periodic tariffs).

A.15.3. Regulatory balances

The income authorised according to the applicable tariff methodology is based, on the one hand, on all the costs necessary for the performance of the DSO's tasks and, on the other hand, on the fair profit margin intended among others to remunerate the capital invested in the network. The amount of the regulatory balance results from the comparison between the non-controllable costs of the authorised income and the amounts recognized in turnover as well as between the actual and forecast transit volumes. These annual balances (assets or liabilities) must be reflected in the tariffs for the current regulatory period or subsequent regulatory periods. The regulatory balances and their impact on future tariffs are subject to an approval process by the regulator (see point A.15.1 above).

A.16. Taxes

Tax on income represents the total tax due plus the deferred tax.

A.16.1. Current tax

The current tax to pay is based on the taxable profit for the year. The taxable profit is different from the "profit before taxes" in the consolidated profit and loss statement or other comprehensive income due to the elements of the income and expenses that are taxable or deductible during other financial years, as well as elements that are never taxable or deductible.

The Group's current tax liability is calculated using the tax rates adopted or virtually adopted at the end of the reporting period.

A.16.2. Deferred tax

The deferred tax is determined and accounted for according to the accrual method depending on the temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding fiscal values used to calculate taxable profit.

In general, deferred tax liabilities are recorded for all taxable temporary differences. Deferred tax assets are generally recorded for all deductible temporary differences insofar as it is probable that there will be a taxable profit available, against which these deductible temporary differences can be used. These deferred tax assets and liabilities are not recorded if the temporary difference arises from the initial recording of assets and liabilities connected to a transaction (other than a business combination) that has no impact on the taxable profit or the accounting profit.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the

Group is able to control the date on which the temporary difference is reversed and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets arising from deductible temporary differences generated by such interests are only recognised if it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary difference and that the temporary difference will be reabsorbed in the foreseeable future.

The carrying amount of deferred tax assets is revised at the end of each reporting period and reduced if it is no longer probable that sufficient taxable profit will be available to recover all or part of the asset.

Deferred tax assets and liabilities are valued at the tax rates that are expected to apply in the period during which the asset will be realised or the liability settled, based on tax rates (and tax laws) that have been adopted or virtually adopted by the end of the reporting period.

The valuation of deferred tax liabilities and assets reflects the fiscal consequences arising from how the Group plans, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and if they relate to income tax collected by the same tax authority, either from the same tax entity, or from different tax entities, but that intend to settle current tax assets and liabilities on the basis of their net value or to realise the tax assets and settle the tax liabilities at the same time.

A.16.3. Current tax and deferred tax for the financial year

Current tax and deferred tax are recorded in the consolidated profit and loss statement unless they relate to elements that have been recorded under other comprehensive income or directly under equity, in which case the current tax and deferred tax are also recorded under other comprehensive income or directly under equity respectively.

If the current tax or deferred tax arises from the initial recording of a business combination, the tax implications are included in the records for the business combination.

A.17. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if it is expected that their carrying amount will be recovered, mainly via a sale rather than ongoing use. This condition is only met when the asset (or group destined to be transferred) is available for immediate sale in its current state, subject only to the usual and customary conditions for selling such an asset (or group destined to be transferred) and its sale is highly probable. The management must be committed to the sale and it must be expected that the sale meets the criteria to be recorded as a sale agreed within one year as of the date on which it is filed.

If the Group is committed to a planned sale involving losing control of a subsidiary, it must classify all the assets and liabilities of this subsidiary as being held for sale when the criteria outlined above have been met, whether or not the Group will keep a non-controlling interest in its former subsidiary after the sale.

If the Group is committed to a planned sale involving the transfer of an interest, or part of an interest, in an associate or a joint venture, the interest or part of the interest that will be transferred is classified as held for sale when the abovementioned criteria have been met and the Group stops using the equity method for this part that is classified as held for sale. Any maintained part of an interest in an associate or a joint venture that cannot be classified as held for sale continues to be recorded according to the equity method.

The Group stops using the equity method at the time of the transfer when this transfer results in the Group losing a significant level of influence over the associate or joint venture.

After the transfer, the Group must account for the retained interest in the associate or joint venture in accordance with IFRS 9, unless the retained interest constitutes an investment in an associate or joint venture, in which

case the Group applies the equity method (see the accounting policy for investments in associates or joint ventures above).

Non-current assets (and groups destined to be transferred) classified as held for sale are valued at whichever is lower, their carrying amount or their fair value less the costs of sale. Any profit or loss on the revaluation of a non-current asset (or group destined to be transferred) held for sale, apart from discontinued activities, is accounted for directly as soon as it is observed and is included in the profit and loss for the continuing activities.

B. Main judgements exercised and main estimates used when preparing the consolidated financial statements

Preparing the consolidated financial statements in accordance with IFRS standards requires the use of accounting estimates and also obliges the management to exercise some judgement when applying the Group's accounting policies. The key assumptions relating to the future and other main sources of uncertainty relating to estimates at the end of the period in which the Group's consolidated financial statements are presented below.

B.1. Significant estimates applied to the accounting policies

B.1.1. Actuarial obligations within the context of pension plans, other post-employment obligations and other long-term benefits

The Group's commitments in terms of pension plans are valued annually by independent actuaries. The management determines the actuarial assumptions chosen to value these commitments. The Group feels that the assumptions chosen are appropriate and justified. The actuarial assumptions chosen by the Group cover the following points:

- discount rate;
- expected salary growth rate;
- average inflation rate;
- staff turnover rate;
- mortality table;
- total tariff benefits;
- total out-patient and hospital costs.

B.1.2. Fair value of derivative instruments

The fair value of the derivative instruments held by the Group is calculated on the basis of market values by an external valuation company for swaps, and directly by the Group, via financial institutions, for caps and collars.

B.1.3. Valuing provisions

Significant legal disputes are reviewed regularly by the Group's legal department, helped by external advisors if deemed necessary and in consultation with the Group's finance department. These reviews help determine whether provisions need to be set up or existing provisions need to be adjusted. The provisions established for disputes are based on the value of the complaints or the estimated value of the exposure to risk.

In terms of the environment, the valuation of provisions to set up or adjusted is based on studies carried out by independent experts, using estimates of future costs connected to soil remediation.

In all circumstances, the total amount recorded by the Group as a provision corresponds to the best estimate of the expenses required to settle the current obligation on the balance sheet date.

B.1.4. Volumes distributed

The total amounts recognised as income are based on the meter readings and estimates for use of the network where a reading has not been collected. These estimates

are corrected at the year-end with the unmetered distribution fee ("redevance de transit non relevée", RTNR) which is calculated on the basis of the total volumes that have been transmitted through the network.

B.2. Significant judgements applied to accounting policies

B.2.1. Measuring the turnover – The transport fee

In terms of the fee for transporting electricity, invoiced by Elia to the DSO and passed on by the DSO to the energy suppliers (cascade principle), the Group did not regard the transport fee as being separate from the distribution of electricity, and so only one performance obligation could be attached to the distribution fee invoiced by the Group to its customers. The transport fee is therefore an integral part of the distribution fee and is recognised as such in the turnover.

B.2.2. Regulatory balances

There are currently no specific IFRS standards covering the accounting of regulatory balances in a regulated environment. Discussions are underway within the IASB to create a new standard for regulated assets and liabilities which will clarify the position that companies should take.

With this in mind, in January 2014, the IASB published an interim standard (IFRS 14 – regulatory deferral accounts), only applicable to first time IFRS adopters. It explicitly allows the recognition of regulated assets and liabilities within the statement of financial position, as long as they are clearly identified. Similarly, ongoing discussions at IASB level and the "regulatory assets and regulatory liabilities" standard project published in January 2021 are leading to the recognition of such assets and liabilities, and of additional income over and above the revenue recognized under IFRS 15. The Group has assumed that these balances will be recovered in the future and are therefore recognised as an asset or a liability. If it turns out that the accounting approach adopted by the Group is no longer in line with future guidelines published by the IASB, future results as well as equity would have to be adjusted.

B.2.3. Classification of debts/equity

The Group reviews all relevant facts and circumstances to determine whether an instrument is a debt instrument or an equity instrument in accordance with IAS 39 – financial instruments. The Group has decided that the different categories of shares representing the capital (see note 14 in the notes of the financial statements) are equity instruments.

B.2.4. Existence of an obligation within the context of IAS 37

The Group determines on a case-by-case basis whether there is an obligation that could have a negative impact on its financial position on a case by case basis. Indeed, the Group regularly reviews ongoing disputes and determines whether it is probable that the settlement of the obligation will require an outflow of resources. If this is the case, provisions are set up for the best estimate of the compensation required to settle the obligation, as the outcome of proceedings cannot be predicted with any certainty.

C. Changes to accounting policies, accounting errors and estimates

A change to an accounting policy is only applied if the change is required by a standard or an interpretation or it means that the Group' financial statements provide more reliable and relevant information. Early application of a standard or an interpretation is not a voluntary change in accounting policies with reference to IAS 8.

A change to an accounting policy is applied retrospectively, unless it is not practical to determine the effects of the change specifically linked to the period or cumulatively. In addition, a change to an accounting policy is not applied retrospectively in the event of a transitional provision specific to the standard or interpretation.

Although particular attention is paid to preparing the Group's financial statement, errors may occur when recording, valuing, presenting or providing information about elements of the financial statements. If necessary, the Group will correct significant errors for a previous period retrospectively in the first financial statements authorised for publication after they have been discovered.

Uncertainties connected to the Group's activities demand the use of estimates within the context of preparing financial statements. The use of estimates is an important part of preparing financial statements and does not call their reliability into question. An estimate is revised if there are changes in the circumstances on which it has been based or when new information becomes available. The revision of an estimate does not concern previous periods and does not constitute the correction of an error.

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INDEPENDENT AUDITOR'S REPORT

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ORES ASSETS SC

Statutory auditor's report
to the general meeting
for the year ended 31 December 2022
(Consolidated financial statements)

Free translation

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STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF ORES ASSETS SC FOR THE YEAR ENDED 31 DECEMBER 2022 (CONSOLIDATED FINANCIAL STATEMENTS)

In the context of the statutory audit of the consolidated financial statements of ORES ASSETS SC ('the Company') and its subsidiaries (together referred to as 'the Group'), we hereby present our statutory auditor's report. It includes our report on the audit of the consolidated financial statements and the other legal and regulatory requirements. This report is an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting of 16 June 2022, following the proposal formulated by the administrative body and upon recommendation of the audit committee. Our statutory auditor's mandate expires on the date of the General Meeting deliberating on the financial statements closed on 31 December 2024. We have performed the statutory audit of the consolidated financial statements of the Group for the first year.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterized by a consolidated statement of financial position total of 5.076.387 (000) EUR and for which consolidated income statement and other comprehensive income shows a profit for the year of 94.462 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and financial position as at 31 December 2022, as well as of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the 'Statutory auditor's responsibilities for the audit of the consolidated financial statements' section in this report. We have complied with all the ethical requirements that are relevant to the audit of consolidated financial statements in Belgium, including those concerning independence.

We have obtained from the administrative body and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other matters

The company's financial statements for the financial year ended 31 December 2021 were audited by another statutory auditor who expressed an unqualified opinion on these financial statements on 4 May 2022.

Responsibilities of the administrative body for the drafting of the consolidated financial statements

The administrative body is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory provisions applicable in Belgium, and for such internal control as the administrative body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the administrative body is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the administrative body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

When executing our audit, we respect the legal, regulatory and normative framework applicable for the audit of the consolidated financial statements in Belgium. However, a statutory audit does not guarantee the future viability of the Group, neither the efficiency and effectiveness of the management of the Group by the administrative body. Our responsibilities with respect to the administrative body's use of the going concern basis of accounting are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the administrative body;

- Conclude on the appropriateness of the administrative body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the management, the supervision and the performance of the Group audit. We assume full responsibility for the auditor's opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the administrative body

The administrative body is responsible for the preparation and the contents of the director's report on the consolidated financial statements and for the other information included in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the Belgian standard (version revised in 2020) which is complementary to the International Standards on Auditing (ISA) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the director's report on the consolidated financial statements, as well as to report on these elements.

Aspects relating to the director's report on the consolidated financial statements

In our opinion, after having performed specific procedures in relation to the director's report, this report is consistent with the consolidated financial statements for the same financial year, and it is

prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the director's report on the consolidated financial statements, which is included in the annual report on the consolidated financial statements, namely, contains a material misstatement, i.e. information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, there are no material misstatements we have to report to you.

Statement concerning independence

- Our audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated financial statements and our audit firm remained independent of the Group during the terms of our mandate.
- The fees related to additional services which are compatible with the statutory audit as referred to in article 3:65 of the Code of companies and associations were duly itemised and valued in the notes to the consolidated financial statements.

Zaventem, 10 May 2023

BDO Réviseurs d'Entreprises SRL
Statutory auditor
Represented by Christophe COLSON*
Auditor
*Acting for a company

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